THURROCK POWER
A Statera Energy company

Funding Statement

Thurrock Flexible Generation Plant

Application document number A4.1

APFP Regulations reference 5(2)(h)

Contents

Appendices

Prepared by:

Thurrock Power Ltd

Andrew Troup
Director

3rd Floor, 239 High Street Kensington
London W8 6SA

1 INTRODUCTION

1.1.1 This Funding Statement has been prepared as part of the application by Thurrock Power Ltd (the Applicant) for a Development Consent Order (a DCO), that has been submitted to the Secretary of State (the SoS) for Business, Energy and Industrial Strategy (BEIS), under section 37 of the Planning Act 2008 (as amended) (the PA 2008), in respect of the Proposed Scheme (the Application).

1.1.2 Thurrock Power proposes to develop a flexible generation plant on land north of Tilbury Substation in Thurrock. The flexible generation plant will provide up to 600 megawatts (MW) of electrical generation capacity on a fast response basis, together with up to 150 MW of battery storage capacity.

1.1.3 Schedule 1 of the draft DCO (document reference A3.1) identifies the development for which development consent is being applied for and for which this Funding Statement has been prepared.

1.1.4 A DCO is required for the Proposed Scheme as it falls within the definition and thresholds for a Nationally Significant Infrastructure Project (a NSIP) under sections 14 and 15(2) of the PA 2008.

1.2 Thurrock Power Ltd

1.2.1 Thurrock Power is a subsidiary of Statera Energy Limited, a private British company that develops, builds and operates flexible electricity generating and storage plant in the UK.

1.2.2 Statera Energy was established with the aim of delivering increased flexibility for the UK electricity system to assist in the transition to a low carbon economy in the expectation that renewable energy sources, such as solar and wind, will become the dominant form of generation of the future.

1.2.3 Thurrock Power will be a fully integrated developer, owner, and operator of the proposed Thurrock Flexible Generation Plant.

1.3 Site Description

1.3.1 The proposed development site is located on land south west of Station Road near Tilbury, Essex. The British National Grid coordinates are TQ662766 and the nearest existing postcode is RM18 8UL. It is within the administrative area of Thurrock Borough Council (TBC) and lies in the Thurrock Green Belt.

1.3.2 The application boundary and location of the proposed development are shown in the Location and Order Limits Plans, Application Document A2.1.

1.3.3 The main development site for the generating plant and battery storage facility currently comprises open fields crossed by drainage ditches and three overhead power lines with steel lattice electricity pylons. Land for access routes (including causeway for barge deliveries during construction) and connections to the gas and electricity grid within the Order Limits comprises farm land, previously developed industrial sites, and the north bank of the River Thames.

1.4 The Proposed Development

1.4.1 In overview, the proposed development comprises the construction and operation of:

- reciprocating gas engines with rated electrical output totalling 600 MW;
- batteries with rated electrical output of 150 MW and storage capacity of up to 600 MWh;
- gas and electricity connections;

- creation of temporary and permanent private access routes for construction haul and access in operation, including a causeway for barge deliveries; and
- designation of exchange Common Land and habitat creation or enhancement for protected species translocation and biodiversity gain.

1.5 Purpose of this Funding Statement

1.5.1 This Statement has been produced pursuant to regulation 5(2)(h) of The Infrastructure Planning (Applications: Prescribed Forms and Procedure) 2009 (APFP Regulations) and the Department of Communities and Local Government guidance, Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land (September 2013) (Ref. 1).

1.5.2 This Statement is required because the DCO sought for the Proposed Scheme, known as The Thurrock Flexible Generation Plant Consent Order (the Order), would authorise the compulsory acquisition of land or interests in land. This gives rise to the requirement under regulation 5(2)(h) of the APFP Regulations for the Applicant to provide a statement indicating how the Order containing these powers is to be funded.

1.5.3 This Statement is one of a number of documents accompanying the Application and submitted to the SoS, as set out in the Application Guide (document reference A1.2), and should be read alongside and is informed by those documents. In particular, this document supplements the Statement of Reasons (document reference A4.2).

2 LAND ACQUISITION

2.1.1 The development of the flexible generation plant requires the acquisition of land (freehold and leasehold) or rights (including the creation of rights and the imposition of restrictions) in, under and over land, and the temporary possession of land.

2.1.2 Thurrock Power Ltd is committed to trying to secure the necessary land and rights through voluntary agreement and is currently in discussions with all affected persons with the intention of securing the necessary rights and interests in the land required for the life of the Proposed Scheme by agreement.

2.1.3 However, as set out in the Statement of Reasons, Thurrock Power Ltd requires compulsory acquisition powers in order to acquire the freehold of certain plots, acquire the leasehold interest in certain plots, and acquire and create rights in land (including imposing restrictions) in order to ensure that the development can proceed without impediment.

3 FUNDING STATEMENT

3.1 Corporate Structure of Statera Energy Group

3.1.1 Thurrock Power Ltd (Company number 10917470) is the Applicant for this DCO Application. Thurrock Power Ltd is registered in England and Wales and is a wholly owned subsidiary of Statera Energy Ltd (incorporated in England and Wales with Company number 09840486).

3.1.2 Statera Energy Ltd is 73% owned and controlled by Statera Energy Holding Ltd.

3.1.3 Statera Holding Limited is wholly owned and controlled by InfraRed Infrastructure V General Partner LLP in its capacity as general partner for and on behalf of each of InfraRed Infrastructure V (1) LP and InfraRed Infrastructure V (2) LP (the "Limited Partnerships").

3.1.4 InfraRed Capital Partners Limited is authorised and regulated by the Financial Conduct Authority in the UK (FRN:195766) and is the manager of the Limited Partnerships.

3.1.5 The smallest and largest group for which group financial statements are drawn up and of which Thurrock Power Ltd is a member is Statera Energy Limited. Audited accounts up to 31 March 2019 are included in appendix A of this statement.

3.1.6 The corporate structure of the Statera Energy Group is illustrated in Appendix B of this statement.

3.2 Project Cost

3.2.1 The current cost estimate for the Proposed Scheme is circa £240-300 m. This cost estimate includes construction costs, preparation costs, supervision costs and land acquisition costs (including compensation payable in respect of any compulsory acquisition, anticipated at circa £2-5m). This includes all aspects for the Proposed Scheme including land acquisition, equipment purchase, construction, installation, commissioning and connection to fuel supply and power export.

3.2.2 This is an estimate of the anticipated outturn cost and therefore includes an allowance for inflation and contingencies.

3.3 Project Funding

3.3.1 Through Statera Energy Ltd, Thurrock Power Ltd has the ability to secure the financial resources necessary to fund the works to be authorised by the DCO.

3.3.2 The Statera Energy Group is funded by its shareholders, through a mix of equity and shareholder loans, external debt as well as cashflows from its operational assets.

3.3.3 Statera Energy Limited has equity and shareholder loan facilities of up to £190 million in place, of which £130 million is currently undrawn. This demonstrates the confidence of funders.

3.3.4 Statera Holding Limited is wholly owned and controlled by InfraRed Infrastructure V General Partner LLP in its capacity as general partner for and on behalf of each of InfraRed Infrastructure V (1) LP and InfraRed Infrastructure V (2) LP (the "Limited Partnerships"). The fund has capital commitment of c$1bn.

3.3.5 Project development costs sustained prior to the start of consultation will be funded from the cash reserves of the Statera Energy Group. Construction costs will be funded from a combination of these cash reserves, debt and equity finance, with the combination to be determined dependent on market conditions at the time of construction.

3.3.6 A variety of financial institutions and advisors, including those with existing strong relationships with Statera Energy Ltd, will be consulted to access their extensive experience of financing major capital projects.

3.3.7 These funds will be sufficient to meet all of the project costs listed above.

3.3.8 Once the DCO is granted, the final investment decision on the Proposed Scheme will be taken, subject to Statera Energy Ltd board approval. This board approval may be connected to any award of a Capacity Market contract.

3.3.9 Statera Energy Ltd has assessed the Proposed Scheme and is, based on its experience in this sector, confident that it will be commercially viable, enabling it to be funded as required if development consent is granted.

3.3.10 As an indication of its confidence in funding the scheme Statera Energy Ltd has already signed a power purchase agreement for the scheme with Statkraft Markets GmBH which provides further certainty to investors of the commercial viability of the scheme

3.3.11 Significant resources and a dedicated team have already been deployed with a view to delivering the Proposed Scheme on an accelerated timeline recognising the Government's documented need for new electricity generating capacity.

3.3.12 Thurrock Power Ltd via Statera Energy Limited already has access to appropriate funding to carry out the Proposed Scheme.

4 FUNDING FOR LAND ACQUISITION AND BLIGHT REFERENCES

4.1.1 The current cost estimate (see paragraph **Error! Reference source not found.** above) includes an amount to cover the total cost of the payment of compensation for the compulsory acquisition included in the Order and required for the Proposed Scheme.

4.1.2 Should any claims for blight arise as a consequence of the Application, Thurrock Power Ltd has sufficient funds to meet the cost of acquiring these interests at whatever stage they are served. However, Thurrock Power Ltd has not identified any interests in the Order land who it considers could be eligible to serve a blight notice.

REFERENCES

1. Department of Communities and Local Government (2013): Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land. DCLG, London. Available online at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/236454/Planning_Act_2008_-_Guidance_related_to_procedures_for_the_compulsory_acquisition_of_land.pdf [accessed 29/01/20)

APPENDICES

Appendix A

Statera Energy Ltd Audited Accounts

Statera Energy Limited

Report and Consolidated Financial Statements

31 March 2019

Registered No. 09840486

Contents

Directors
T Buss
L M A Seraline
A R G Troup
T A Vernon

Auditors
BDO LLP
55 Baker Street
London, W1U 7EU

Registered Office
First Floor, 145 Kensington Church Street
London, W8 7LP

Registered No. 09840486

Directors' report

The directors present their report and Group financial statements for the year ended 31 March 2019.

The consolidated accounts consist of the parent company, Statera Energy Limited, and its subsidiaries.

Results and dividends

The results for the year show a loss after taxation, attributable to members of the parent undertaking of £ (5,105,088) (2018: loss £ (3,568,564).

The directors do not propose the payment of a dividend.

Principal activity

The Statera Energy Group is a developer, owner and operator of flexible generation and storage capacity in the UK focusing on utility scale distribution and transmission connected assets.

Business review and future developments

The Statera Energy Group was founded in 2015 with the aim of delivering increased flexibility for the UK electricity system to assist in the transition to a low carbon economy in the belief that renewable energy sources, such as solar and wind, will become the dominant form of generation of the future.

The Company secured 200MW of new build capacity in the 2016 T-4 Capacity Market auction. This includes 150MW of battery storage assets, across three projects, and a single 50MW energy generation project which have all been awarded 15-year contracts due to begin delivery in 2020/21.

The Capacity Market is currently suspended following a legal challenge that was upheld by the European Court of Justice in November 2018.

During the financial year, the Group commissioned its 50MW Creyke Beck storage facility which is currently one of the largest batteries operating on the UK grid. The Group also signed a framework power purchase agreement for a combined capacity of 1,100MW of both energy generation and battery storage new build projects.

The Group has a current operational portfolio of assets totalling 150MW and has begun construction of its next two 50MW energy generation projects which it plans to deliver over the coming 12 months.

The Group has a pipeline of over 1,750MW consented, flexible generation and storage projects in the UK.

Directors

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

G Bellizia	(resigned 28 March 2019)
T Buss	
L M A Seraline	(appointed 28 March 2019)
A R G Troup	
T A Vernon	

Disclosure of information to the auditors

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Going Concern

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

Directors' report (continued)

Auditors

The auditors have expressed their willingness to continue. In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed for reappointment of BDO LLP as auditors.

Small company exemptions

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

On behalf of the Board

Thomas Vernon
Director
Date: 30 September 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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. They 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.

Independent auditors' report

to the members of Statera Energy Limited

Opinion

We have audited the financial statements of Statera Energy Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the group income statement, group and company statement of financial position and group and company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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 or the Parent 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Independent auditors' report (continued)

to the members of Statera Energy Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 at the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report (continued)

to the members of Statera Energy Limited

Use of our report

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

BDO LLP

Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
1-10-19
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group income statement

for the year ended 31 March 2019

	Notes	*Year ended 31 March 2019* £	*Year ended 31 March 2018* £
Revenue	3	16,030,805	5,823,970
Cost of sales		(6,761,167)	(2,191,166)
Gross profit		**9,269,638**	**3,632,804**
Administrative expenses		(8,377,458)	(4,299,651)
Operating profit/(loss) from continuing operations	4	**892,180**	**(666,847)**
Finance costs	6	(5,031,064)	(2,217,438)
Loss from continuing operations before taxation		**(4,138,884)**	**(2,884,285)**
Income tax	7	(738,082)	40,471
Total comprehensive loss for the year		**(4,876,966)**	**(2,843,814)**

Group statement of financial position

at 31 March 2019

	Notes	*2019* £	*2018* £
Non-current assets			
Deferred tax asset	7	–	40,471
Property, plant and equipment	8	56,477,706	40,955,474
Grid deposits	9	1,136,062	772,729
		57,613,768	41,768,674
Current assets			
Trade and other receivables	12	6,037,206	5,975,788
Cash and cash equivalents	13	4,823,696	13,427,322
		10,860,902	19,403,110
Total assets		**68,474,670**	**61,171,784**
Equity and liabilities			
Equity			
Equity share capital	18	7,677,678	7,144,216
Retained earnings		(9,189,502)	(4,312,536)
Total equity		(1,511,824)	2,831,680
Liabilities			
Non-current liabilities			
Deferred tax liability	7	697,611	–
Financial liabilities	15	58,216,836	49,089,120
Provisions	17	975,220	385,190
		59,889,667	49,474,310
Current liabilities			
Financial liabilities	15	3,250,000	3,200,000
Trade and other payables	14	6,846,827	5,665,794
		10,096,827	8,865,794
Total liabilities		69,986,494	58,340,104
Total equity and liabilities		**64,474,670**	**61,171,784**

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2019.

Thomas Vernon
Director
Registered no: 09840486

Company statement of financial position

at 31 March 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	8	149,658	15,048
Grid deposits	9	1,136,062	772,729
Investments	10	33	23
Financial assets	11	25,778,842	33,969,409
		27,064,595	34,757,209
Current assets			
Trade and other receivables	12	19,076,879	4,660,018
Cash and cash equivalents	13	131,516	473,624
		19,208,395	5,133,642
Total assets		**46,272,990**	**39,890,851**
Equity and liabilities			
Equity			
Equity share capital	18	7,677,678	7,144,216
Retained earnings		(10,137,528)	(5,032,440)
Total equity		(2,459,850)	2,111,776
Liabilities			
Non-current liabilities			
Financial liabilities	15	47,046,761	37,646,058
Current liabilities			
Trade and other payables	14	1,686,079	133,017
Total liabilities		48,732,840	37,779,075
Total equity and liabilities		**46,272,990**	**39,890,851**

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2019.

Thomas Vernon
Director
Registered no: 09840486

Group statement of changes in equity

for the year ended 31 March 2019

Group	*Share capital* £	*Retained earnings* £	*Total* £
At 31 March 2017 *Unaudited*	1,484,464	(1,468,722)	15,742
Share issued (note 18)	5,659,752	–	5,659,752
Total comprehensive loss for the period	–	(2,843,814)	(2,843,814)
At 31 March 2018	7,144,216	(4,312,536)	2,831,680
Share issued (note 18)	533,462	–	533,462
Total comprehensive loss for the year	–	(4,876,966)	(4,876,966)
At 31 March 2019	**7,677,678**	**(9,189,502)**	**(1,511,824)**

Company statement of changes in equity

for the year ended 31 March 2019

Company	*Share capital* £	*Retained earnings* £	*Total* £
At 31 March 2017 *Unaudited*	1,484,464	(1,463,876)	20,588
Share issued (note 18)	5,659,752	–	5,659,752
Total comprehensive loss for the period	–	(3,568,564)	(3,568,564)
At 31 March 2018	7,144,216	(5,032,440)	2,111,776
Share issued (note 18)	533,462	–	533,462
Total comprehensive loss for the year	–	(5,105,088)	(5,105,088)
At 31 March 2019	**7,677,678**	**(10,137,528)**	**(2,459,850)**

Notes to the financial statements

at 31 March 2019

1. General information

Statera Energy Limited is a private company limited by shares incorporated and domiciled in England and Wales. The address of the company's registered office is First Floor, 145 Kensington Church Street, London, W8 7LP.

The company's primary activity is the development of energy infrastructure projects in the UK, specialising in peak generation and energy storage projects. The underlying generation projects are delivered through wholly owned special purpose vehicles, subsidiaries of Statera Energy Limited. The group's interests are located in the UK. The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Basis of preparation

The group and company financial statements are prepared on the historical cost basis, as modified by the valuation of intangible assets acquired in business combinations, and the revaluation of certain financial instruments. The financial statements are presented in GB Pounds.

The financial statements are prepared on a going concern basis. Further information is provided in the Directors' Report.

No income statement is presented for Statera Energy Limited as permitted by Section 408 of the Companies Act 2006. The parent company's loss for the financial year was £5,105,088 (2018 – loss £3,568,564).

Basis of consolidation

The group financial statements comprise the financial statements of Statera Energy Limited and all of its subsidiaries as at 31 March 2019.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent undertaking, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The following principal accounting policies have been applied:

Property, plant and equipment

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

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

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

Notes to the financial statements (continued)

at 31 March 2019

2. Accounting policies (continued)

Property, plant and equipment (continued)

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

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

Plant and equipment	–	5% to 10% per annum
Computer equipment	–	33.33% per annum
Furniture and fittings	–	20.00% per annum
Leasehold improvements	–	lease term

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

Restoration

Decommissioning costs may be incurred by the company at the end of the operating life of some of the plants. These are determined under the terms of leases entered for each site and the company assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs can be uncertain and cost estimates vary in response to a number of factors, including resale value of equipment being decommissioned, changes to relevant legal requirements, the emergence of new restoration techniques and experience at other sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

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

Impairment of non-financial assets

Impairment of non-financial assets is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment is recognised in the income statement as an expense. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, the recoverable amount is determined for the larger cash-generating unit to which the asset belongs.

A previously recognised impairment will be reversed insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the income statement.

After recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in the future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its useful life.

Notes to the financial statements (continued)

at 31 March 2019

2. Accounting policies (continued)

Leasing commitments

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

Financial instruments

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual provisions of the instrument. Financial instruments are recorded at fair value plus transaction costs, except in the case of financial instruments recorded at fair value through profit and loss which do not include transaction costs. Subsequent measurement and impairment for each classification is specified in the sections below.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the company commits to purchase or sell the financial asset.

De-recognition of financial assets and liabilities

A financial asset, or a portion of a financial asset, is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or
- The company has transferred the rights to receive cash flows from the asset and either:

  (i) has transferred the substantially all the risks and rewards of the asset or

  (ii) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or has expired.

Financial assets

Subsequent to initial measurement, trade and other receivables and cash and cash equivalents are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the receivables are derecognised or impaired, as well as through the amortisation process.

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

Financial liabilities

Loans and accounts payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Any instrument that includes a repayment obligation is classified as a liability.

Notes to the financial statements (continued)

at 31 March 2019

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

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

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

Impairment of financial assets

The company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether or not there is any indication of impairment.

Assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred, it is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

Equity

Equity comprises the following

- "Share capital" represents the nominal value of ordinary equity shares.
- "Retained earnings" include all current results as disclosed in the income statement.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated using tax rates enacted or substantially enacted by the period end.

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision is made at current rates for deferred tax in respect of all timing differences that have originated but not reversed at the period end. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Notes to the financial statements (continued)

at 31 March 2019

2. Accounting policies (continued)

Revenue

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

Firm frequency response

Revenue earned from providing balancing services to National Grid is recognised where there is a signed unconditional contract for the provision of services, based on the contracted price and the availability during the contract.

Electricity

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

Pension costs

Contributions to the company's workplace pension scheme are recognised in profit or loss in the period in which they are incurred.

Borrowing costs

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

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

Significant accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting policies and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. These relate to

- Capitalisation of construction related costs and determining appropriate useful lives of property, plant and equipment
- Calculation of decommissioning provision (Note 17)
- Impairment review of property, plant and equipment (assessment of revenue)

Notes to the financial statements (continued)

at 31 March 2019

3. Revenue

	Year ended 31 March 2019	*Year ended 31 March 2018*
	£	*£*
Firm frequency response	6,628,781	2,113,051
Electricity	9,216,091	3,710,919
Other	185,933	–
	16,030,805	5,823,970

4. Operating profit

This is stated after charging:

	Year ended 31 March 2019	*Year ended 31 March 2018*
	£	*£*
Depreciation of tangible fixed assets	3,126,964	770,238
Operating lease payments	316,211	170,141
Auditors' remuneration – audit services	34,000	29,000
Auditors' remuneration – non- audit services	60,156	9,100

Non-audit services relate to corporate tax advisory services which have been provided by BDO UK.

5. Staff costs and directors' remuneration

	Year ended 31 March 2019	*Year ended 31 March 2018*
	£	*£*
Wages and salaries	929,823	657,035
Social security costs	19,803	6,111
	949,626	663,146

Notes to the financial statements (continued)

at 31 March 2019

5. Staff costs and directors' remuneration (continued)

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

	Year ended 31 March 2019	*Year ended 31 March 2018*
	£	*£*
Directors	2	2
Corporate functions and admin staff	4	3
Business development	2	2
Engineering	3	2
	11	9

	Year ended 31 March 2019	*Year ended 31 March 2018*
	£	*£*
Directors' remuneration	250,000	250,000
Employer's national insurance	32,175	32,249
	282,175	282,249

The number of directors to whom retirement benefits were accruing was nil (2018: nil).

The highest paid director received aggregate remuneration of £146,778 (2018: £146,814), and pension contributions of £nil (2018: £nil).

6. Finance costs

	Year ended 31 March 2019	*Year ended 31 March 2018*
	£	*£*
Interest on loans	5,005,651	2,135,445
Unwinding of discount on provision	10,560	2,247
Other	14,853	79,746
	5,031,064	2,217,438

Notes to the financial statements (continued)

at 31 March 2019

7. Income tax

(a) Income tax on loss on ordinary activities

Analysis of tax credit for the period	*Year ended 31 March 2019*	*Year ended 31 March 2018*
	£	£
Current tax:		
UK corporation tax at 19% (2018: 19%)	–	–
Deferred tax:		
Origination and reversal of temporary differences	738,082	(40,471)
Total tax charge/(credit) in the income statement	738,082	(40,471)

(b) Reconciliation of the total income tax charge

The income tax expense in the income statement for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	Year ended 31 March 2019	*Year ended 31 March 2018*
	£	£
Accounting loss before taxation	(4,138,884)	(2,884,285)
Accounting loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(786,388)	(548,015)
Effects of:		
Fixed asset differences	25,615	28,398
Expenses not deductible for tax purposes	698,593	270,884
Adjustments in respect of prior periods (deferred tax)	279,399	–
Adjust closing deferred tax to average rate of 19%	41,486	4,959
Adjust opening deferred tax to average rate of 19%	(34,940)	(48)
Deferred tax not recognised on losses carried forward	514,317	203,351
Total tax charge reported in the income statement	738,082	(40,471)

Notes to the financial statements (continued)

at 31 March 2019

7. Income tax (continued)

(c) Deferred income tax

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

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	*£*	*£*	*£*
Provision for deferred tax				
Accelerated capital allowances	1,905,581	(36,563)	1,252	–
Short term timing differences	(2,177)	(3,908)	–	–
Losses and other deductions	(1,205,793)	–	(1,252)	–
Total deferred tax (asset)/liability	697,611	(40,471)	–	–

	2019	2018	2019	2018
	£	£	£	£
Provision at start of period	(40,471)	–	–	–
Deferred tax charged in the profit and loss account for the period	738,082	(40,471)	–	–
Provision at end of period	697,611	(40,471)	–	–
Deferred tax asset not recognised	(1,049,576)	(347,651)	(1,049,576)	(252,767)

Notes to the financial statements (continued)

at 31 March 2019

8. Property, plant and equipment

Group	£ *Plant under construction*	£ *Plant and equipment*	£ *Computer equipment*	£ *Furniture and fittings*	£ *Leasehold improvements*	£ *Total*
Cost:						
At 1 April 2018	1,948,499	39,756,967	20,246	–	–	41,725,712
Additions	16,933,094	1,545,739	28,625	28,793	112,945	18,649,196
Transfers	(17,973,759)	17,973,759	–	–	–	–
At 31 March 2019	907,834	59,276,465	48,871	28,793	112,945	60,374,908
Depreciation:						
At 1 April 2018	–	(765,040)	(5,198)	–	–	(770,238)
Provided during the year	–	(3,091,211)	(12,835)	(4,796)	(18,122)	(3,126,964)
At 31 March 2019	–	(3,856,251)	(18,033)	(4,796)	(18,122)	(3,897,202)
Net book value:						
At 31 March 2019	**907,834**	**55,420,214**	**30,838**	**23,997**	**94,823**	**56,477,706**
At 31 March 2018	1,948,499	38,991,927	15,048	–	–	40,955,474

The amount of borrowing costs capitalised during the year ended 31 March 2019 was £nil (2018: £400,501) at a weighted average interest rate of 10%.

Company	£ *Computer equipment*	£ *Furniture and fittings*	£ *Leasehold improvements*	£ *Total*
Cost:				
At 1 April 2018	20,246	–	–	20,246
Additions	28,625	28,793	112,945	170,363
At 31 March 2019	48,871	28,793	112,945	190,609
Depreciation:				
At 1 April 2018	(5,198)	–	–	(5,198)
Provided during the year	(12,835)	(4,796)	(18,122)	(35,753)
At 31 March 2019	(18,033)	(4,796)	(18,122)	(40,951)
Net book value:				
At 31 March 2019	**30,838**	**23,997**	**94,823**	**149,658**
At 31 March 2018	15,048	–	–	15,048

9. Grid deposits

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	£	£	£
Deposits lodged with DNOs	1,136,062	772,729	1,136,062	772,729

Notes to the financial statements (continued)

at 31 March 2019

10. Investments

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	*£*	*£*	*£*
Investments in subsidiaries	–	–	33	23

Details of the investments in which the group holds 50% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Pelham Storage Limited	Ordinary shares	100%	Production of electricity
Creyke Beck Power Limited	Ordinary shares	100%	Production of electricity
Creyke Beck Storage Limited	Ordinary shares	100%	Production of electricity
Norton Storage Limited	Ordinary shares	100%	Non-trading
Norton Power Limited	Ordinary shares	100%	Dormant
Langley Storage Limited	Ordinary shares	100%	Non-trading
Minety South Storage Limited	Ordinary shares	100%	Dormant
Minety North Storage Limited	Ordinary shares	100%	Dormant
Melksham East Storage Limited	Ordinary shares	100%	Dormant
Melksham West Storage Limited	Ordinary shares	100%	Dormant
Wymondley Power Limited	Ordinary shares	100%	Dormant
Dollymans Storage Limited	Ordinary shares	100%	Non-trading
Dollymans Power Limited	Ordinary shares	100%	Dormant
West Didsbury Storage Limited	Ordinary shares	100%	Dormant
Penwortham Storage Limited	Ordinary shares	100%	Dormant
Enderby Storage Limited	Ordinary shares	100%	Dormant
Grendon Storage Limited	Ordinary shares	100%	Dormant
Ravensworth Power Limited	Ordinary shares	100%	Dormant
Statera Energy ESS Limited	Ordinary shares	100%	Dormant
Thurrock Power Limited	Ordinary shares	100%	Non-trading
Abham Storage Limited	Ordinary shares	100%	Dormant
Greenmoor Power Limited	Ordinary shares	100%	Dormant
Greenmoor Storage Limited	Ordinary shares	100%	Dormant
Saltholme North Power Limited	Ordinary shares	100%	Dormant
Saltholme South Power Limited	Ordinary shares	100%	Dormant
Tetsworth North Power Limited	Ordinary shares	100%	Dormant
Tetsworth South Power Limited	Ordinary shares	100%	Dormant
Rugeley West Power Limited	Ordinary shares	100%	Dormant
Rugeley East Power Limited	Ordinary shares	100%	Dormant
Norton East Power Limited	Ordinary shares	100%	Dormant
Weston Point Power Limited	Ordinary shares	100%	Dormant
Penwortham Power limited	Ordinary shares	100%	Dormant
Stat-Flex Limited	Ordinary shares	100%	Dormant

All subsidiary undertakings are incorporated in the United Kingdom.

Notes to the financial statements (continued)

at 31 March 2019

11. Financial assets

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	*£*	*£*	*£*
Financial assets – non-current				
Loans to group undertakings	–	–	25,778,842	33,969,409

The amounts are owing from Creyke Beck Power Limited and Pelham Storage Limited, 100% owned subsidiaries of Statera Energy Limited.

Each instrument consists of £25 million 10% Fixed Rate Unsecured Notes and £5 million 10% Fixed Rate Unsecured PIK Notes.

The facilities have a term of 20 years and are repayable on an "available cash" basis.

12. Trade and other receivables

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	*£*	*£*	*£*
Trade debtors	15,834	733,209	–	–
Other taxes	219,158	–	213,059	–
Prepayments and accrued income	4,280,336	3,795,309	51,524	–
Capacity market bonds	–	1,441,470	–	1,441,470
Amounts owing by group undertakings	–	–	17,908,612	3,212,748
Invoices received in advance	828,000	–	828,000	–
Other receivable	693,878	5,800	75,684	5,800
	6,037,206	5,975,788	19,076,879	4,660,018

During the year, bonds deposited with the Electricity Settlements Company Limited were refunded as the Company had demonstrated that it had met the necessary financial commitment milestones under the Capacity Market Rules.

13. Cash and cash equivalents

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	*£*	*£*	*£*
Cash at bank	4,823,696	13,427,322	131,516	473,624

Included in the cash balance is £766,583 (2018: £751,330) held in Debt Service Reserve Accounts which is not available for use by the company.

Notes to the financial statements (continued)

at 31 March 2019

14. Trade and other payables

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	*£*	*£*	*£*
Trade payables	4,987,292	2,405,286	1,452,116	–
Other taxes	364,849	24,420	–	9,168
Accruals	1,494,686	3,236,088	233,963	123,849
	6,846,827	5,665,794	1,686,079	133,017

The above payables are all unsecured and fall due within one year.

15. Financial liabilities

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	*£*	*£*	*£*
Current: amounts falling due within one year				
Project finance bank loans	3,250,000	3,200,000	–	–
Non-current: amounts falling due after more than one year				
Project finance bank loans	11,170,075	11,443,062	–	–
Amount owing to parent company	47,046,761	37,646,058	47,046,761	37,646,058
	58,216,836	49,089,120	47,046,761	37,646,058

Project finance bank loan

Pelham Storage Limited has a £10 million and Creyke Beck Power Limited an £8 million, senior non-recourse project finance loan from Lombard North Central Plc.

The debt facilities have a term of eight years at a market commercial interest rate linked to LIBOR.

The loans are secured by first ranking fixed and floating charges over the assets of the respective companies.

Amount owing to parent company

The amount is owing to Statera Holding Limited, the company's immediate parent undertaking.

The instrument consists of £46,750,000 10% Fixed Rate Secured Notes and £20,000,000 deferred interest PIK Notes.

The facility is repayable on an "available cash" basis.

Notes to the financial statements (continued)

at 31 March 2019

16. Lease obligations

Obligations under operating leases

The future minimum lease payments at the balance sheet date under non-cancellable operating leases are as follows:

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
Land and buildings	*£*	*£*	*£*	*£*
Not later than one year	406,323	170,975	126,140	–
After one year but not more than five years	1,509,662	683,900	388,932	–
After five years	4,172,946	2,674,633	–	–
	6,088,931	3,529,508	515,072	–

17. Provisions

A provision has been recognised for decommissioning costs as follows:

	Group		*Company*	
	2019	*2018*	*2019*	*2018*
At beginning of year	385,190	–	–	–
Arising during the year	579,470	382,943	–	–
Unwinding of discount	10,560	2,247	–	–
At 31 March	975,220	385,190	–	–

The group makes full provision for the future cost of decommissioning its energy storage and energy generation plants on a discounted basis on construction commencement. The decommissioning provision represents the present value of decommissioning costs, which is expected to be incurred between 2038 and 2039 which is when the producing energy storage and energy generation plants are expected to cease operation. The provisions have been created based on the group's internal estimates. Assumptions based on the current economic environment have been made, which management believes is a reasonable basis upon which to estimate the future liability. The estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. The discount rates used in the calculation of the provisions as at 31 March 2019 ranged between 1.7% and 1.9% (2018: 1.9%).

Notes to the financial statements (continued)

at 31 March 2019

18. Share capital

		2019		2018
Allocated, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	740,741	740,741	800,001	800,001
Deferred shares of £1 each	59,260	59,260	–	–
Series A shares of £1 each	6,877,677	6,877,677	6,344,215	6,344,215
		7,677,678		7,144,216

During the year, 533,462 Series A shares were issued as part of drawdowns from investors.

Rights, preferences and conditions

Ordinary shares carry full and equal rights to participate in voting in all circumstances and in dividends and capital distributions, whether on a winding up or otherwise.

Deferred shares do not carry any voting rights or rights to dividends.

Series A shares do not carry any voting rights or rights to dividends.

19. Related party disclosure

The company's immediate parent undertaking is Statera Holding Limited, a company incorporated in England.

In the directors' opinion the company's ultimate parent undertaking is InfraRed Infrastructure V General Partner LLP, a limited liability partnership incorporated England.

The company has taken advantage of the exemption under Chapter 33 - *Related party disclosures* of FRS 102 not to disclose transactions with wholly owned subsidiaries.

20. Capital commitments

At 31 March 2019, amounts contracted for but not provided in the financial are:

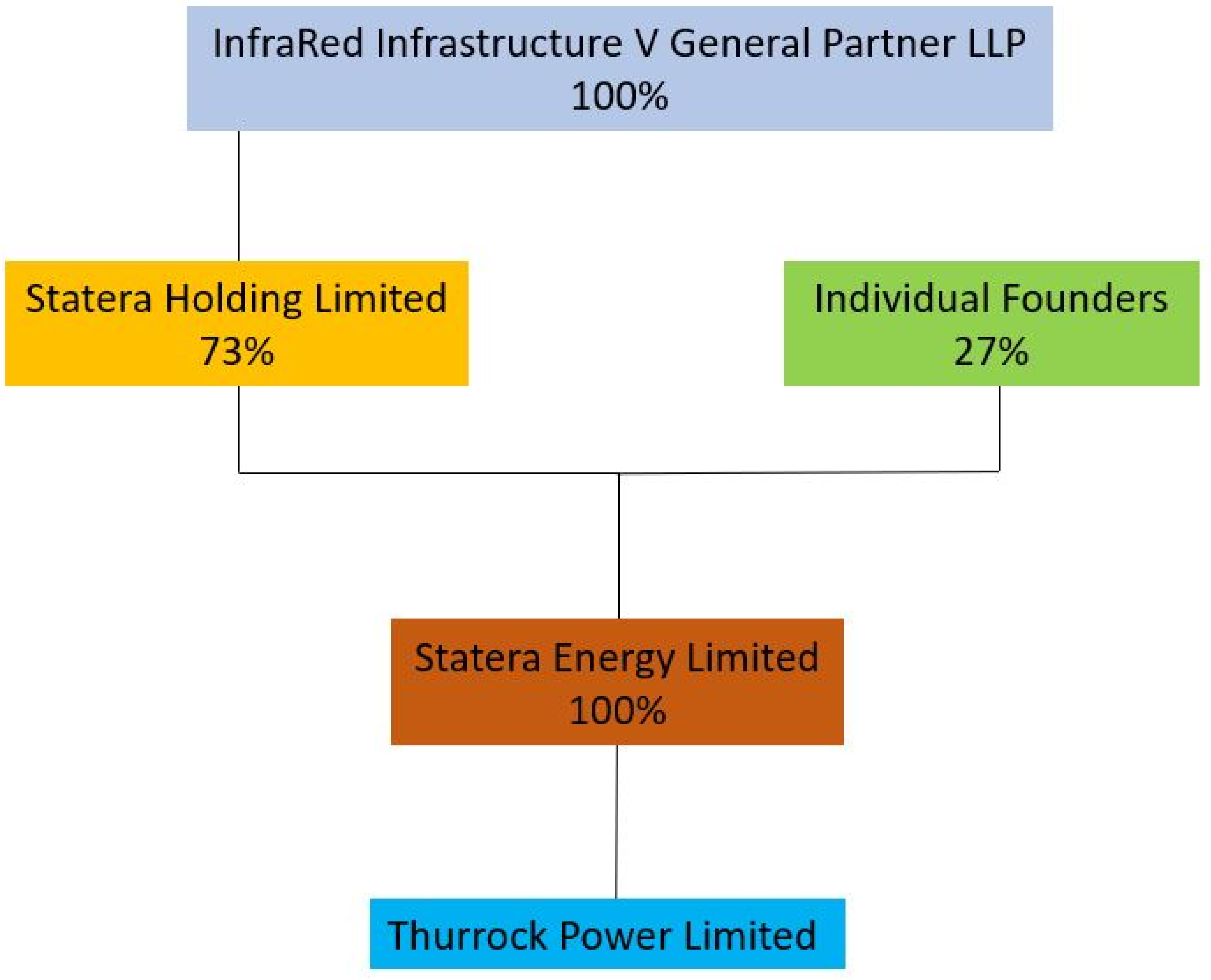
	Group		*Company*	
	2019	*2018*	*2019*	*2018*
	£	*£*	*£*	*£*
Acquisition of property, plant and equipment	195,397	5,434,868	–	137,800

21. Post balance sheet events

After the balance sheet date, two of the Group's energy generation projects reached financial close and the Group entered into commitments totalling £31,612,694 for the construction of the projects. Additional funding from investors was secured which supports these commitments.

Appendix B

Statera Energy Group Corporate Structure


InfraRed Infrastructure V General Partner LLP
100%
Statera Holding Limited
73%
Individual Founders
27%
Statera Energy Limited
100%
Thurrock Power Limited