

COMPANY REGISTRATION NUMBER 03039100

InterGen (UK) Ltd.

Annual report and financial statements

For the year ended 31 December 2020



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InterGen (UK) Ltd.

Annual report and financial statements

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InterGen (UK) Ltd.

Officers and professional advisers

The board of directors

John Proctor (appointed 22 January 2020)
Christopher Elder
Lisa Mackay
Paul Teague

Registered office

30 Crown Place
Earl Street
London
United Kingdom
EC2A 4ES

Independent auditors

Ernst & Young LLP
G1
5 George Square
Glasgow
G2 1DY

InterGen (UK) Ltd.

The strategic report

The directors present their strategic report of InterGen (UK) Ltd. (the "company") for the year ended 31 December 2020.

Principal activities, position at the end of the year, and business review

The principal activities of the company during the year were to provide certain administrative services and other assistance for the development, construction and management of major energy projects.

Net assets at the year-end were £6,956,000 (2019: £4,747,000). The company has a healthy working capital position, with net current assets of £4,383,000 as of 31 December 2020, (2019: £1,607,000). Long-term assets have decreased slightly to £4,332,000 as of 31 December 2020 (2019: £4,847,000).

Key performance indicators

The directors do not believe that key performance indicators are a relevant measure, as performance is measured on a group wide basis. The key performance indicators of the group are available in the financial statements of the ultimate parent company, InterGen N.V.

Future prospects

The company will continue to provide management services under its existing service agreements. The company will maintain its focus on improving the quality of services provided to its customers.

Results

The profit for the financial year amounted to £1,503,000 (2019: £1,683,000).

Brexit

As of January 31, 2020, the UK has withdrawn from the European Union ("EU"). As part of the withdrawal agreement, there is a transition period until December 31, 2020, while the UK and EU negotiate additional trade arrangements. During this transition period, the current rules on trade, travel and business for the UK and EU will continue to apply. At this time, the planned withdrawal has not had a material impact on this company's operations. The withdrawal may have both risks and opportunities for InterGen (UK) Limited, and until the terms of the exit and the nature of the future relationship are clear, it is not possible to conclude on any potential impact. These risks may include currency fluctuations, the effect of any import tariffs, market volatility on commodities and general volatility across the UK economy.

Covid-19

The Director General of the World Health Organization declared the novel coronavirus, Covid-19, a global pandemic on March 11, 2020. In an attempt to contain the spread of the virus most governments have taken restrictive measures to contain the spread of the virus including: isolation, quarantine, restricting the free movement of people, closure of public and private premises (except those of basic necessity and health), closure of borders and a significant reduction in air, sea, rail and land transport. The UK and its devolved Governments put in various measures culminating on March 23, 2020, when the UK Government made a statement requiring all citizens to stay at home, with a few specific exceptions. These 'lockdown' restrictions were put in place by the UK Government, with initial easing of restrictions commencing on June 23, 2020. Subsequently on October 12, 2020, the UK Government announced a new three-tier system for Covid restrictions in England, with many regions in the North of England immediately entering the higher tiers of restrictions, and a full nationwide lockdown reoccurring in January 2021. To date, the company has managed the risks with limited impact on both the operations of the plants and the generation of group operating cash flows. However this is an evolving area and further risks may arise which could have a potential impact on the business.

Credit risk

The company's principal financial assets are receivables from other group companies. The company's credit risk is therefore primarily attributable to its intercompany receivables. An allowance for impairment is made where there is a material expected credit loss which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company sources additional funding from its immediate parent company if necessary.

InterGen (UK) Ltd.

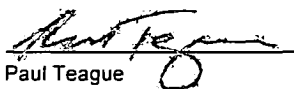
The strategic report (continued)

Principal risks and uncertainties

InterGen (UK) Ltd. is a wholly owned subsidiary of InterGen N.V. and the business activities entered into are primarily with other InterGen entities. The directors recognise that the principal risks to InterGen (UK) Ltd. primarily lie with the ultimate parent company. Therefore as a member of the wider InterGen group, There are a number of risks that could impact adversely the financial results and cash flows of the company. These risks include, but are not limited to, the following items:

- Health and safety – given the nature of the company's operating activities, the company's systems, processes and controls around the health and safety of contractors, suppliers, the public and employees of affiliated companies is of paramount importance to the company;
- operation risks associated with operating the plants, including the breakdown or failure of power generation equipment, transmission lines, or other necessary equipment leading to unplanned outages or other operational issues, operator error, performance below expected output or efficiency levels, labor disputes, force majeure or other catastrophic events;
- non-performance by third parties of their respective contractual obligations, including the impact of any such non-performance on our ability to perform our contractual obligations, non-renewal or exercise of contract extension options, and/or termination of power purchase contracts;
- disruption of fuel supply to the power projects or termination of fuel supply and transportation agreements; and
- the effect of emissions reduction programs or legislation in Europe and the United Kingdom;
- further effects of climate change, including the potential for increases in extreme weather events and increased sea levels;
- our marketing and trading activities of un-contracted capacity do not fully remove the exposure to market risks;
- the concentration of operating assets in the United Kingdom and thus exposure to adverse developments in the power industry in this regions;
- our ability to obtain adequate insurance coverage for all losses we might incur in the event of loss or damage to a power project; and
- fluctuations in currency exchange and interest rates – the company seeks to hedge where appropriate its foreign exchange and interest rate exposure upon contractual commitment.

On behalf of the Board by



Paul Teague
Director

Approved by the directors on 30 June, 2021

InterGen (UK) Ltd.

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

Business review, results and future developments

The results for the year to 31 December 2020 are set out in the statement of comprehensive income on page 8. The business review, financial risk management and results and future developments have been discussed in the strategic report on page 2. The directors have reviewed the activities of the business, the financial results and after making enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served the company during the year and up to the date of this report are listed on pages 1 to **Error! Bookmark not defined.**

Dividends

The directors have not recommended a dividend (2019: £nil).

In accordance with s234 of the Companies Act 2006 the company has purchased and maintains insurance against liabilities arising from claims against directors' and officers' actions taken in connection with the company's business.

Statement of directors' responsibilities in respect of the financial statements

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 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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 101, 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors

Ernst & Young LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

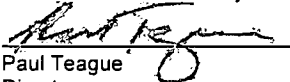
Statement of disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the Board by


Paul Teague
Director

Approved by the directors on 30 June, 2021

Independent auditors' report to the members of InterGen (UK) Ltd.

Opinion

We have audited the financial statements of InterGen (UK) Ltd. for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 21, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of InterGen (UK) Ltd. (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework and the relevant tax compliance regulations;
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies and noted that there was no contradictory evidence;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage results. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with laws and regulations, enquiries of General Counsel and management as well as utilisation of data analytical tools to review for potential non-compliance with laws and regulations with a focus on manual journals which have heightened risk by nature.

Independent auditors' report to the members of InterGen (UK) Ltd. *(continued)*

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP.

Nicola McIntyre (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
30 June 2021

InterGen (UK) Ltd.

Statement of comprehensive income

For the year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	4	16,558	15,920
Gross Profit		16,558	15,920
Administrative expenses		(14,563)	(13,765)
Operating profit	8	1,995	2,155
Finance costs	9	(140)	(96)
Profit before taxation		1,855	2,059
Tax on profit	10	(352)	(376)
Profit for the financial year		1,503	1,683
Total comprehensive income		1,503	1,683

All of the activities of the company are classed as continuing.

The notes on page 11 to 22 form part of these financial statements.


InterGen (UK) Ltd.

Balance sheet

As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	2,076	2,302
Property, plant and equipment	13	718	960
Right-of-use assets	14	1,538	1,585
		<u>4,332</u>	<u>4,847</u>
Current assets			
Trade and other receivables	15	16,808	15,752
Cash and cash equivalents		445	139
		<u>17,253</u>	<u>15,891</u>
Creditors: Amounts falling due within one year	16	<u>(12,870)</u>	<u>(14,284)</u>
Net current assets		<u>4,383</u>	<u>1,607</u>
Total assets less current liabilities		<u>8,715</u>	<u>6,454</u>
Creditors: Amounts falling due after more than one year	17	<u>(1,759)</u>	<u>(1,707)</u>
Net assets		<u>6,956</u>	<u>4,747</u>
Capital and reserves			
Called up share capital	18	-	-
Share premium account		4,657	3,951
Profit and loss account		2,299	796
Total shareholder's funds		<u>6,956</u>	<u>4,747</u>

These financial statements on pages 8 to 22 were approved by the directors and authorised for issue on 30 June 2021 and are signed on their behalf by:


Paul Teague
Director

Company Registration Number: 03039100

The notes on page 11 to 22 form part of these financial statements.

InterGen (UK) Ltd.

Statement of changes in equity

For the year ended 31 December 2020

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholder's surplus/(deficit) £000
Balance as at 1 January 2019	–	3,454	(887)	2,567
Profit for the financial year	–	–	1,683	1,683
Total comprehensive income for the year	–	–	1,683	1,683
Share capital issued during the year	–	497	–	497
Balance as at 31 December 2019	–	3,951	796	4,747
Adjusted balance as at 1 January 2020	–	3,951	796	4,747
Profit for the financial year	–	–	1,503	1,503
Total comprehensive income for the year	–	3,951	2,299	6,250
Share capital issued during the year	–	706	–	706
Balance as at 31 December 2020	–	4,657	2,299	6,956

The notes on page 11 to 22 form part of these financial statements.

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

1. General information

The principal activities of the company during the year were to provide certain administrative services and other assistance for the development, construction and management of major energy projects.

The company is a private company and is incorporated and domiciled in the UK.

2. Summary of significant 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 the years presented, unless otherwise stated.

2.1 Basis of preparation and going concern

The financial statements are prepared in pound sterling with amounts rounded to the nearest £1000. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and FRS 101. The directors have reviewed the activities of the business, the financial results and after making enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis in preparing the financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework', requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (a) the requirements of paragraphs 33-34 of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1; and
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment.
- (c) the following paragraphs of IAS 1 Presentation of Financial Statements:
 - (i) 10(d) (statement of cash flows);
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding year when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - (iii) 16 (statement of compliance with all IFRS);
 - (iv) 38A (requirement for minimum of two primary statements including cash flow statements);
 - (v) 38B-D (additional comparative information);
 - (vi) 40A-D (requirements for a third statement of financial position); and
 - (vii) 134-136 (capital management disclosure).
- (d) IAS 7 'Statement of cash flows';
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- (h) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- (i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, Revenue from Contracts with Customers; and

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.2 New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 that have had a material impact on the company's financial statements.

2.3 Revenue

Revenue consists of fees and costs recharged to other group undertakings after deducting value added tax and other taxes. Revenue also includes a management services fee and reimbursable costs recharged to Coryton Energy Company Ltd, Spalding Energy Company Ltd, Rocksavage Power Company Ltd and Spalding Energy Expansion Ltd under a management services agreement. Revenue is recognised when control of the services are transferred to the customer.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements – straight line method over 10 years.
Equipment, Fixtures & Fittings – straight line method over 3 to 7 years.

2.5 Intangible assets

Intangible assets relates to software for use within the business. This software is used to analyse business information and assist in decision making. The software was assessed to have a useful life of 10 years and commenced amortisation upon implementation during 2019.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements – straight line method over 10 years.
Equipment, Fixtures & Fittings – straight line method over 3 to 7 years.

2.6 Leases

The company holds a lease contract in relation to the rental of commercial office premises at 81 George Street, Edinburgh, Scotland, for a fixed contractual term of 10 years.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of rental property for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially recognised at the present value of the lease payments not yet paid. Any lease incentives receivable are adjusted against the carrying value of the right-of-use asset.

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.6 Leases (continued)

Lease payments are discounted using either the rate implicit in the lease or the company's incremental borrowing rate. The implicit rate in the lease cannot be readily determined, therefore we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The company is exposed to potential future increases in lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, along with lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the lease term on a straight-line basis.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in Note 3.

2.7 Pension costs

The company operates a defined contribution pension scheme. The amount charged in respect of pensions is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.8 Taxation

The tax charge for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds.

The current income tax charge is calculated on the basis of the United Kingdom tax laws enacted or substantively enacted at the balance sheet date. 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 income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.9 Foreign currencies

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.10 Financial Instruments

Financial liabilities

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. 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 fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Trade and other receivables

Trade and other receivables are amounts due from related parties for services performed in the ordinary course of business. Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

At the end of each reporting year a review of the allowance for impairment of trade receivables is performed. Trade receivables do not contain a significant financing element, and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised on initial recognition. A provision matrix is utilised to estimate the lifetime expected credit losses – based on the age, status and risk of each class of receivable – which is annually updated to include changes to both forward-looking and historical inputs.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.13 Long Term Incentive Plan

The company maintains a long-term incentive plan to provide additional cash-based incentives to key employees. Under the plan, Performance Units are granted to eligible employees and vest over three cycle periods. During January 2018, a new plan was initiated representing three cycles for the years 2018, 2019 and 2020. Cycle One vested in January 2019, with Cycle Two and Cycle Three vesting in January 2020 and 2021, respectively.

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

3. Critical accounting estimates and judgements

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

The company makes estimates and assumptions concerning the future. 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:

Taxation:

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon a number of temporary and timing differences including the likely timing and level of future taxable profits. Deferred tax assets are recognised where it is considered more likely than not that they will be recovered.

Leases

Lease payments are discounted using the incremental borrowing rate of 4.5%. Changes to the incremental borrowing rate can have a material impact on the lease liability, leading to estimation uncertainty. A 100-basis point increase/(decrease) in the rate would cause the lease liability to increase/(decrease) by £19k and a corresponding decrease/increase in the right-of-use asset by the same amount.

4. Revenue

The revenue and profit before tax are attributable to the principal activities of the company.

All revenue is derived in the UK, and recognised at a point in time as the services are transferred.

5. Particulars of employees

The average monthly number of staff employed by the company during the financial year amounted to:

	2020 No.	2019 No.
Information Technology	8	7
Commercial Operations & Trading	15	15
Asset Management & Commercial	2	2
Accounting, Human Resources & Risk Management	29	25
Development	5	4
Administration	9	8
	<u>68</u>	<u>61</u>

The aggregate payroll costs of the above were:

	2020 £000	2019 £000
Wages and salaries	8,458	8,310
Social security costs	1,114	1,059
Other pension costs	427	376
	<u>9,999</u>	<u>9,745</u>

Employee costs in 2020 and 2019 include amounts paid in respect of the group's long-term incentive plan.

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2020 £000	2019 £000
Remuneration receivable	1,026	765
Amounts receivable under long-term incentive schemes	445	275
Company pension contributions to money purchase schemes	78	59
	<u>1,549</u>	<u>1,099</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2020 No.	2019 No.
Money purchase schemes	<u>4</u>	<u>3</u>

The emoluments in 2020 relate to four (2019: three) directors. The emoluments of the highest paid director amounted to £ 308,362 (2019: £330,492). The amounts received by the highest paid director in respect of the long term incentive plan amounted to £ 180,675 (2019: £160,543). Company pension contributions of the highest paid director amounted to £ 22,761 (2019: £22,315).

7. Post-employment benefits

The company provides a defined contribution scheme for its employees. The amount recognised as an expense during the year was:

	2020 £000	2019 £000
Current year contributions	<u>427</u>	<u>376</u>

8. Operating profit

Operating profit is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of property, plant and equipment	446	459
Net loss on foreign currency translation	(17)	7

The statutory audit fee for 2020 £38,000 (2019: £38,000) was paid by InterGen N.V. and not recharged to the company.

9. Finance costs

	2020 £000	2019 £000
Interest on loans from group undertakings	-	(1)
Interest on lease liability	<u>140</u>	<u>97</u>

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For the year ended 31 December 2020

10. Tax on profit

(a) Analysis of charge in the year

	2020 £000	2019 £000
Total current tax:		
UK Corporation tax based on the results for the year at 19% (2019: 19%)	362	350
Adjustments in respect of prior years	(32)	(138)
Tax charge on profit	<u>330</u>	<u>212</u>
Deferred tax:		
Origination and reversal of timing differences	1	47
Adjustments in respect of prior years	33	117
Effect of tax rate change on opening balance	(12)	-
Total deferred tax	<u>22</u>	<u>164</u>
Tax charge on profit	<u><u>352</u></u>	<u><u>376</u></u>

(b) Factors affecting tax charge

The tax assessed on the profit for the year is the same as (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £000	2019 £000
Profit before taxation	1,855	2,059
Tax on profit at standard rate	352	391
Deferred tax rate differences	-	(6)
Expenses not deductible for tax purposes	7	12
Adjustment in respect of previous years	1	(21)
Transfer pricing adjustments	4	-
Remeasurement of deferred tax for changes in tax rates	(12)	-
Total tax charge	<u><u>352</u></u>	<u><u>376</u></u>

(c) Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK corporation tax rate to 25%, effective from 1 April 2023, which was substantively enacted on 24 May 2021. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

11. Deferred taxation

	2020 £000	2019 £000
As at 1 January	132	296
Profit and loss account movement	(22)	(164)
As at 31 December	<u>110</u>	<u>132</u>
	2019 £000	2019 £000
Deferred tax assets due after more than 12 months	110	132
Deferred tax liabilities due after more than 12 months	-	-
Total asset	<u>110</u>	<u>132</u>
	Other timing differences £000	Accelerated capital allowances £000
Deferred tax asset		
At 1 January 2020	(68)	200
Charged to profit and loss	86	(108)
At 31 December 2020	<u>18</u>	<u>92</u>
	Other timing differences £000	Accelerated capital allowances £000
Deferred tax asset		
At 1 January 2019	18	278
Charged to profit and loss	(86)	(78)
At 31 December 2019	<u>(68)</u>	<u>200</u>

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

12. Intangible Assets

	Software £000
Cost	
At 1 January 2020	2,411
Additions	25
At 31 December 2020	2,436
Accumulated amortisation	
At 1 January 2020	109
Charge for the year	251
At 31 December 2020	360
Net book value	
At 31 December 2020	2,076
At 31 December 2019	2,302

During the year the company capitalised software development costs of £25,000 (2019: £1,307,000) in accordance with IAS 38 (see note 2.5). Intangible assets amortisation is recorded in administrative expenses in the income statement.

13. Property, plant and equipment

	Leasehold improvements £000	Equipment, fixtures and fittings £000	Total £000
Cost			
At 1 January 2020	740	3,380	4,120
Additions	-	205	205
Disposals	-	(7)	(7)
At 31 December 2020	740	3,578	4,318
Accumulated depreciation			
At 1 January 2020	197	2,963	3,160
Charge for the year	5	441	446
On disposals	-	(6)	(6)
At 31 December 2020	202	3,398	3,600
Net book value			
At 31 December 2020	538	180	718
At 31 December 2019	543	417	960

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

14. Right-of-use asset

The company holds a lease contract in relation to the rental of commercial office premises. The amounts recognised in the financial statements in relation to the lease are as follows:

(a) Amounts recognised on the Balance Sheet

	2020 £000	2019 £000
Other Assets		
Right-of-Use Assets	<u>1,538</u>	<u>1,585</u>
Lease Liabilities		
Current	187	236
Non-Current	<u>1,752</u>	<u>1,707</u>

(b) Amounts recognised in the statement of comprehensive income

	2020 £000	2019 £000
Depreciation charge of right-of-use asset	244	221
Interest expense included in finance costs	<u>140</u>	<u>97</u>

Future minimum lease payments as at 31 December 2020 are as follows:

	2020 £000	2019 £000
Within one year	248	323
2 to 5 years	1,255	1,292
Greater than 5 years	456	700
Total gross payments	<u>1,959</u>	<u>2,315</u>
Impact of finance expenses	-	-

The total cash outflow for leases in 2020 was £ 225,000 (2019: £323,000).

InterGen (UK) Ltd.

Notes to the financial statements

For the year ended 31 December 2020

15. Trade and other receivables

	2020 £000	2019 £000
Amounts owed by group undertakings	15,885	14,727
Other debtors	162	258
Deferred taxation (note 11)	110	132
Prepayments and accrued income	651	635
	<u>16,808</u>	<u>15,752</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

16. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	56	221
Amounts owed to group undertakings	7,762	8,485
Taxation and social security	860	476
Other creditors	4,192	5,102
	<u>12,870</u>	<u>14,284</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are payable on demand.

17. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Long-term lease liability	<u>1,759</u>	<u>1,707</u>

18. Called up share capital

Called up and fully paid:

	2020		2019	
	No	£000	No	£000
Ordinary shares of £1 each	<u>8</u>	<u>-</u>	<u>7</u>	<u>-</u>

In 2020 the company issued 1 Ordinary share for a total consideration of £707,000. In 2019 the company issued 1 Ordinary share for a total consideration of £497,000.

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Notes to the financial statements

For the year ended 31 December 2020

19. Financial instruments

The company has no financial instruments held at fair value through profit or loss.

20. Reserves

The share premium reserves represents amounts paid per ordinary share in excess of the nominal value of the share.

The profit and loss reserves represent the cumulative profit or loss of the company since incorporation offset by any dividend distributions.

21. Ultimate parent company

The immediate parent company is InterGen Projects (UK) Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is InterGen N.V., a company incorporated in the Netherlands which is the parent company of the smallest and largest group in which these financial statements are consolidated. Financial statements of the parent undertaking, and the ultimate parent undertaking, can be obtained from 81 George Street, Edinburgh, EH2 3ES.