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Infinis Energy Group Holdings Limited
Annual report and accounts 2020

Generating a
Low Carbon Future

INFINIS IS THE UK'S LEADING GENERATOR OF LOW CARBON POWER FROM CAPTURED METHANE

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INFINIS AT A GLANCE

OPERATIONAL SITES
154
(2019: 154)

EMPLOYEES
297
(2019: 306)

RIDDOR ACCIDENT FREQUENCY RATE
0.25
(2019: ZERO)

EXPORTED POWER
1,482GWh
(2019: 1,530GWh)

REVENUE
£160.9m
(2019: £164.0m)

EBITDA[1]
£81.5m
(2019: £78.3m)

OPERATING PROFIT
£12.4m
(2019: £28.2m)

1 EBITDA is an Alternative Performance Measure. A reconciliation to Operating Profit is set out in note 7b forming part of the financial statements on page 63.

WE CAPTURE METHANE TO PROTECT THE ENVIRONMENT

METHANE (CH_4) IS AROUND 25 TIMES MORE HARMFUL THAN CARBON DIOXIDE (CO_2) AS A GREENHOUSE GAS

Our operations offset the equivalent CO_2 emissions of over 600,000 UK households.

METHANE CAPTURE
We capture methane in a controlled way by applying a suction through a network of installed pipelines and gas wells on 108 landfill sites (CLM division) and on 16 redundant disused mines (CMM division). Modular gas reciprocating engines then use the methane as a fuel source.

POWER RESPONSE
Our Power Response (PR) division operates from 30 sites to generate power into the local electricity distribution network. Providing highly responsive power in local areas connected through the local distributed network closest to consumer demand using a combination of mains natural gas and liquefied tankered fuel to power modular gas reciprocating engines. PR supports growing intermittent renewable power generation, mainly wind and solar, by providing responsive and efficient generation to the grid.

6.7 $MtCO_2$
(2019: 7.3 $MtCO_2$)

NET POSITIVE ENVIRONMENTAL IMPACT FROM INFINIS' ACTIVITIES

OUR BUSINESS MODEL

BUSINESS DIVISION | FUEL SOURCE | ELECTRICITY GENERATION PROCESS | SITES AND INSTALLED CAPACITY | USED FOR | ADDITIONAL INCOME | ROUTE TO MARKET

CAPTURED METHANE

CLM
Methane gas created from landfill

Biological process creates methane gas from decomposing organic waste

CLM controlled capture through a network of pipes and gas wells

Fleet of 400+ engines convert fuel to electricity

108 SITES
245 MW

RENEWABLE BASELOAD
24/7 Export to Grid

RENEWABLE OBLIGATION CERTIFICATES

CMM
Methane gas from closed coal mines

Natural process of desorption fills the open void in closed and mothballed coal mines

CMM through existing mine entry points or by drilling boreholes

16 SITES
42 MW

BASELOAD
24/7 Export to Grid

POWER RESPONSE

PR
Power response

Generated from natural gas and other fuel supplies

Natural gas piped, other fuels transported to site

30 SITES
185 MW

FAST RESPONSE POWER SUPPLY
Back-up support to renewable power technologies

CAPACITY MARKET CONTRACTS

PPAS WITH CREDIT WORTHY OFFTAKERS

SOLAR

SOLAR
Harvesting energy from solar farms

Investing in new facilities for FY22 implementation

Solar panels to be located on existing CLM sites

Solar electricity connected directly to existing grid connections

PLANNED FOR FY22

OPERATIONS
Infinis' Operations Team and Centre of Excellence

REAL TIME CONTINUOUS REMOTE SITE MONITORING AND CONTROL

IN-HOUSE OPERATIONAL MODEL AND ENGINE OVERHAUL FACILITY

STRATEGY

Vision | Generating a Low Carbon Future

Mission | Growing Infinis into a more diversified energy portfolio, focused around our core expertise and strong platform, to create long-term value and a sustainable future.

Delivery | Our business model drives resilient, stable and predictable cash flows enabling us to grow both organically and through M&A activity.

Tony Cocker
Chairman

CHAIRMAN'S STATEMENT

WE CONTINUE TO FOCUS ON DELIVERING OUR STRATEGY WHILE BEING A POSITIVE CONTRIBUTOR TO REDUCING HARMFUL EMISSIONS

In a world impacted by rapid, unprecedented change and global economic uncertainty due to the COVID-19 pandemic, I have been very impressed by the pace and agility at which Infinis reacted to the crisis, quickly establishing a new normal, with all essential work continuing.

The resilient nature and vital role of the Infinis business and operational model has clearly been demonstrated in these challenging times. I feel privileged to be able to report that Infinis has delivered a very good financial performance, observing minimal impact to its business operations from the COVID-19 crisis, and benefitting from the price certainty of a forward hedging strategy. This is a testament to the strong leadership team and the dedication, commitment and passion of everyone in the business and I pay tribute to the team, key workers as well as all those who have supported our endeavours ensuring that our critical operational business has continued to deliver effectively.

As the UK's leading generator of low carbon power from captured methane, Infinis provides essential environmental gas management operations, helping the UK achieve "net zero" whilst also playing its part in generating the electricity which powers our homes, businesses, and critical support services.

Whilst near-term focus is, of course, directed at the UK's health and economic recovery post-COVID-19, the challenges of climate change and sustainability remain and need to be addressed urgently over the next few years. In particular, decarbonisation of the UK power sector is a priority. Infinis is very well positioned to support this direction, with its negative carbon footprint, and its strategy of continuing to develop and invest in new renewable and sustainable forms of energy.

Infinis is committed to Generating a Low Carbon Future and despite the COVID-19 pandemic we have continued to deliver our strategy to optimise the business and create sustainable growth. The strong Infinis platform and development capability has provided an exciting opportunity to grow organically by developing and co-locating Solar on existing CLM sites, using existing spare grid connection capacity. During the year the team have made good progress in developing the pipeline of projects and this will continue during FY21.

On the regulatory front, the outcome of Ofgem's Targeted Charging Review was largely as expected. A further wide-reaching review of network access and usage is expected to be concluded during FY21, and the regulatory landscape will continue to evolve as the electricity system and generation mix changes.

Infinis has an excellent health and safety culture and demonstrable track record. It received the ROSPA president's award, with a twelfth successive year of Gold Awards, and the British Safety Council International Award with distinction for excellence in H&S. These prestigious awards provide external validation of our continued focus on continuous improvement of safe working practices across the organisation.

Outlook

The lasting impact and rate of economic recovery from the COVID-19 pandemic is clearly difficult to predict and may suppress electricity demand, prices, and the construction of new power plants beyond the near-term. Nevertheless, although the wider market outlook may be more challenging and uncertain than in recent years, I remain confident that with the continued positive attitude of all who work at Infinis, the resilient business model, strong liquidity and forward hedged position, the business will continue to deliver its strategy and enhance long-term, sustainable, shareholder value with robust revenue and cashflow.

Tony Cocker
Chairman
Infinis Energy Management Limited

SUSTAINABILITY

WHILE MOST LARGE ENERGY GENERATORS LOOK TO TRANSITION TO A LOW CARBON FUTURE, INFINIS IS ALREADY DELIVERING A POSITIVE IMPACT AGAINST CLIMATE CHANGE. WE ARE COMMITTED TO FURTHER ENHANCING THIS BY DEVELOPING MORE SUSTAINABLE OPERATING PRACTICES WITHIN INFINIS AND OUR COMMUNITIES

Our focus and approach

Our employees, our Board and our Shareholder are committed to ensuring Infinis is at the forefront of sustainability within the energy sector. We are committed to protecting the environment, our natural resources and enhancing the social and economic impact of our activities.

Supporting the United Nations Sustainable Development Goals, our employees have identified the areas where Infinis can have the greatest impact and have focused on 4 key areas.

1. Affordable and clean energy
Infinis aims to further improve the efficiency of our operations focusing on:

(i) Optimising engine efficiency on each CLM and CMM site through utilising appropriately sized engines and also maximising engine load by limiting the number of operating engines on each site

(ii) Evaluating new technology for our sites which improve operating efficiency

(iii) Focusing new investment in technology with zero CO_2 emissions, such as solar, or low CO_2 emissions such as our PR engines which all operate within government permitted levels. CO_2 emissions from our operations are set out below. Also detailed is the net environmental benefit figure which takes the gross environmental benefit from the capture of methane less the CO_2 emissions from our operational engines. This results in 6.5MtCO_2 equivalent being prevented from reaching the atmosphere by Infinis' operations.

Year	**Carbon intensity of operations**[1] (g CO_2 equivalent emission per kWh generated)	**Net positive climate impact from activities** ($MtCO_2$)
FY20	**56.5**	**6.7**
FY19	24.8	7.3

1 The carbon intensity of operations in the year increased following an increase in fuel we purchase to deliver the exported power in the PR division.

carbon footprint standard
CO_2e Assessed Organisation

2. Responsible consumption and production
Infinis is focused on limiting and reducing its use of finite resources together with continually looking to reduce waste by reviewing Infinis' operating activities and working with our suppliers to develop our supply chain.

A number of initiatives have been developed and implemented in the year including:

- Improved grade engine lubricating oil which aims to prolong both the oil and engine component life, aiming to reduce the volume of waste oil per annum and reduce engine life cycle costs £/MWh;
- Re-useable transport containers, removing the majority of cardboard and packaging from our engine overhaul process;
- Installation of LED lighting into our Centre of Excellence facility, the largest single consumer of non-site electricity.

With the majority of the workforce being mobile to provide national coverage of the UK (split across four operating regions), the key metrics below are tracked and monitored. Progress has been made in reducing the number of miles driven through proactively reviewing the logistics associated with our activities. Through the deployment of Microsoft Teams the objective is to further reduce the travel for internal meetings.

Operational carbon footprint
(tonnes of CO_2 equivalent)

Scope[1]	Type[2]	FY20	FY19
1	Road mileage of our company vehicles	**1,371**	1,599
2	Fuel we purchase	**82,264**	37,311
2	Electricity we purchase - Market - Location	 **59** **3,373**	 - 3,797
3	Business travel (e.g. flights, taxi, personal car)	**289**	289
Total		**87,356**	**42,996**

1 Scope 1, 2 and 3 are as defined in the international accepted Greenhouse Gas Protocol (www.ghgprotocol.org)
2 We have reported on emission sources required under the Companies Act 2006 (Strategic report and Directors' Reports) Regulations 2018. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from UK Government's Greenhouse gas reporting: conversion factors 2019

3. Good health and well-being
Inclusion and equality ensure our employees enjoy work, develop and deliver their best for the organisation. Employment flexibility, development and inclusion are key focus areas which are outlined in more detail in our Employee section on page 31.

4. Sustainable cities and communities
Our 154 operating sites cover the majority of the UK. This geographically dispersed operating model supplies electricity close to the local communities who demand it. We work very hard to ensure we are a 'good neighbour' by actively controlling and limiting noise and emissions from our operations.

We provide volunteers to support on a range of activities from supporting key social care services through to maintaining and improving key areas of our locals communities. Further details of this can be found on our Communities engagement section on page 33.

Shane Pickering
Chief Executive Officer

CHIEF EXECUTIVE'S REVIEW

WE PROVIDE A VITAL ROLE IN GENERATING LOW CARBON POWER FROM CAPTURED METHANE, HELPING PROTECT THE ENVIRONMENT AND SUPPORTING THE GOVERNMENT'S INITIATIVE TO ACHIEVE "NET ZERO"

Thank you

I would like to echo the words of our Chairman, expressing my sincere gratitude and appreciation to all Infinis employees for their tremendous dedication and commitment during FY20 and in particular for their show of solidarity and fortitude during the COVID-19 pandemic. Thanks also to our key suppliers and key support services who have maintained our critical supply chains and have ensured that our operations have remained largely uninterrupted.

The Infinis team spirit and passion has remained ever strong and I have been very proud of the way we have all adapted to the changing circumstances and working requirements imposed by the UK Government to control the transmission of COVID-19. In particular, our frontline operational teams have delivered an exceptional service by maintaining safe, compliant generation and gas management activities across our business divisions, in difficult circumstances.

A vital and resilient business

At Infinis we provide a vital role in generating low carbon power from captured methane, helping protect the environment and supporting the government's initiative to achieve "net zero" whilst also generating and supplying electricity as an essential commodity to power homes, businesses and critical support services across the UK in these times of need.

We have also demonstrated the resilience of our business and operating model by continuing to deliver stable and predictable cash flows in these challenging times. In particular, I draw out the following key factors:

- operating sites are geographically dispersed across the UK;
- our in-house operating model is a well-established remote working environment, controlled via cloud based remote systems;
- in-house teams undertake the majority of the work with a very low reliance on third party contractors;
- proven home working capability for key support functions;
- robust credit worthy trading counterparties under PPAs with short credit terms resulting in a majority of revenue received in cash in 30 days;
- strong liquidity and high levels of cash;
- established forward hedging trading strategy.

Market power price

Global energy and commodity markets have observed cyclical price lows during the latter part of FY20 and the rate of economic recovery following the COVID-19 pandemic will have a key bearing on power demand. Infinis' progressive wholesale power price forward hedging strategy continues to provide good protection from these cyclical market conditions, providing price certainty and securing significant forward price upside when compared to recent market. The income generated from ROC for CLM generation and the embedded benefits for all divisions, further enhance the margin per MWh.

Strategic growth

During FY20 an additional 5MW of PR transitioned into commercial operation and we continued to advance our pipeline of over 80MW to "shovel ready" status. We remain committed to investing and growing our PR division and the fundamentals for requiring additional highly responsive and dispatchable generation to support the further rollout of intermittent renewable generation and the de-carbonisation of the electricity system are still evident. However, we continue to progress with cautious optimism and our investment decisions will be based upon viable economics, taking into consideration the long-term forecasts.

I am very excited by our new organic growth opportunity of developing and co-locating solar on our existing CLM sites. Good progress has been made during the year on developing the pipeline and in June 2020 we also acquired a 6MW consented solar development, which is located on one of our existing CLM sites and will help accelerate our build out programme. This is aligned with our strategy and vision of generating a more sustainable and Low Carbon Future.

A year of optimisation

I am pleased to report that even with the challenges of the COVID-19 pandemic our FY20 financial performance has been strong and further boosted by positive regulatory announcements, with EBITDA increasing year on year by £3.2m to £81.5m. These results are the culmination of a significant drive and focus on optimising the business through various strategic value initiatives including, improving operational performance across all divisions, the delivery of new revenue enhancing commercial initiatives and the outstanding effort around cost management.

Our CMM and PR divisional operational performance has continued to improve, supported by strategic operating and capital investment. CMM and PR availability increased to 88.7% (FY19: 84.6%) and 86.3% (FY19: not measured), respectively. CLM availability averaged 93.4% (FY19: 93.1%).

The Ofgem Targeted Charging Review (TCR) was completed with the key findings in line with our expectations. Importantly, the re-instatement of the Capacity Market in December 2019 provided a key incentive to support future growth investment. The regulatory landscape will continue to evolve and this is discussed in more detail in the regulatory section of the market commentary.

A safe, responsible and sustainable company

We recognise that the UK Government will need to balance the speed of reopening the economy with any increase in new COVID-19 infections and we will continue to review and adapt to the evolving government guidance. Our primary focus throughout this period will remain on the safety of all personnel and our external stakeholders we interact with in the delivery and performance of our key duties. The additional hygiene, social distancing and work prioritisation measures we have implemented are likely to be a new "normal" for the next twelve months, or until a vaccine is readily available.

Health, safety and wellbeing of our employees and those who may be impacted by our activities is the highest priority for us. Aside from our approach and response to adapting to COVID-19 risk, as an ISO accredited organisation we have continued to seek ways of improving our sites and reducing risks through good design and maintenance, with safety rules, tools and training put in place to cover any residual risks. We have also received the RoSPA President's Award together with the British Safety Council International Award with distinction, which provides external recognition of our focus on, and continuous development of, safe working practices across our organisation.

Infinis now has a total installed capacity of 472MW and we are very proud to be one of the few companies in the UK with a net negative carbon emissions footprint, delivering a positive impact on climate change. In FY20, Infinis captured an equivalent of 6.7 $MtCO_2$ (FY19: 7.3 $MtCO_2$).

Our strategy of continuing to invest in, and develop, new renewable and sustainable forms of energy further reinforces our position as a sustainable energy generator. Our employees are central to the design, prioritisation and implementation of a sustainability strategy. During the year, our sustainability policy (summarised on page 9 and 10) was developed by our employees.

Outlook

As we look further ahead, our strategic direction remains unchanged. While COVID-19 and its sustained economic impact presents challenges, our performance and response post year end and the vital and resilient nature of our business gives me confidence that we will continue to deliver stable and predictable revenues, profit and cashflows for the coming year.

Equally there may be opportunity for strategic, value accretive M&A opportunities as other generators look to scale back their portfolio to realise cash flow and focus on core activities. With our liquidity and capital structure, Infinis is uniquely positioned to complete M&A transactions.

My thanks go to our Board and shareholder (3iN) for their continued excellent support and collaboration.

Shane Pickering
Chief Executive Officer
Infinis Energy Management Limited

THE MARKET TRENDS THAT ARE SHAPING OUR FUTURE

Infinis operates solely within the UK energy market. The majority of its generated electricity is not sold directly to consumers and instead is contracted under seasonal Power Purchase Agreements ("PPAs") to large blue-chip energy offtakers.

Whilst a planned Government White Paper outlining the new direction of UK energy policy never materialised during FY20, renewable generation output has risen further and the demands on the electricity networks have further evolved, prompting the need for a likely ongoing review of market mechanisms, benefits and charging structures. The Energy regulator, Ofgem, completed the most recent of its reviews of charging for use of the electricity networks, the Targeted Charging Review, during FY20 but a wider review of charging for network access and usage remains ongoing and consequently we expect the market to continue to evolve over the coming years.

The Infinis operating model of regionally distributed embedded generation aligns closely with a policy direction of more actively managed networks at a localised level closer to demand by Distribution Network Operators (DNOs) as system operators.

Market trends over the year have generally continued in line with that reported last year, with stable demand, increased retirement of thermal plant and development of renewables and an evolving market for services to assist in balancing the system.

COVID-19 has not had a material impact on performance in the year. Although the lockdown measures suppressed demand during the closing weeks of FY20 and reduced, in particular near-term, electricity prices already weakened by low gas prices, Infinis was well protected by its progressive trading strategy as outlined below. Given that COVID-19 has created some key market uncertainty, however, we consider it appropriate to outline these post year end factors in a separate section below.

Data quoted is from National Statistics Energy Trends: UK electricity unless otherwise stated and covers the calendar year to December 2019. Whilst this is not coterminous with the March 2020 Infinis financial year end, it provides an appropriate overview of key market factors and trends.

Demand

- Stable electricity consumption levels
- Continued development of smarter responsive demand

UK electricity consumption of 294 TWh for 2019 was marginally down (-1.8%) percent compared to 2018 (299.6TWh) linked largely to increased efficiency.

In late 2019, National Grid updated their demand forecasts for the next five years (to 2025) and reflected an average reduction of 1.1% per annum based on accelerated corporate and domestic energy efficiency. Importantly, demand from 2026 (particularly at peak) is project to increase driven by the electrification of heat and transport.

Supply

- Continued thermal plant retirement
- Increased development of intermittent renewables
- Tightening reserve margin

The share of electricity generated by renewables in the UK was a record 42% in the calendar year 2019, up from 33.0% in the comparative 2018 period and driven by high generation from wind, solar and bioenergy sources and growing renewable capacity.

1.7GW of thermal plant was announced for closure at March 2020 including the Fiddlers Ferry and Aberthaw coal-fired power stations – a further 8GW of thermal capacity is expected to close before FY24.

UK ELECTRICITY GENERATION (TWh)

Coal	2%
Gas	39%
Nuclear	17%
Renewables	42%

Electricity prices

- Significant drop in UK wholesale electricity prices during 2019
- Low intra-day pricing driven with growing wind capacity and mild winter

There are several markets quoted for electricity sales, from short-term within-day and day-ahead 'spot' prices to long-term seasonal markets providing positions up to four years in the future. Infinis typically sells exported power from CLM and CMM at prices that are pre-agreed ahead of delivery for the season, with small amounts of exposure to the day-ahead market. PR output is sold day-ahead or within-day to take advantage of short-term price signals reflective of supply issues or other market factors impacting pricing.

Wholesale power prices fell significantly during 2019. December 2019 day-ahead average was £39.11/MWh compared to £62.63/MWh in December 2018. This was due to global cyclical price lows in both energy and commodity markets.

Infinis trading strategy

Infinis sells its exported power under PPAs with a range of major offtakers. Infinis has a developed trading strategy and looks to lock in CLM pricing and volume for up to six seasons / three years ahead on a rolling basis protecting it from intra year market volatility and trends. Prior to entering a financial year, the majority of revenue for that year will have been forward sold.

The average selling price (ASP) for wholesale power achieved by Infinis during FY20 through forward contracting of its baseload CLM and CMM output was £52.01/MWh (FY19:£48.89/MWh). This compares to an average market day ahead price of £38.21/MWh (2019: £57.22/MWh) for the same period. This price is before ROC subsidy per MWh for CLM and additional embedded benefits for both CLM and CMM which further protect traded margins.

The forward selling of a proportion of power response output during the year provided a guaranteed minimum margin from the business but with flexibility to unwind this if day-ahead markets presented opportunity. Market conditions meant fewer and lower peak power prices for the PR commercial operations although low gas prices did positively impact the number of run hours and exported MWh, with these increasing like for like over the year as our smaller gas reciprocating engines benefitted from lower fixed and start-up costs to displace closed cycle gas turbines (CCGTs) in the merit order for running.

Networks

- Increased embedded capacity connected to distribution networks
- Increasing inter-connection with non-UK supply and demand
- Evolving market for services to assist the growing challenge of balancing the system

Distribution Network Operators (DNOs) continue to transition into their roles as Distribution System Operators (DSOs) through the procurement of flexibility services. These services remain highly localised and, whilst Infinis evaluates all tenders, our participation is currently limited to CLM operations at a few sites and awaits a broader rollout in which fully flexible PR operations can participate at scale.

THE MARKET TRENDS THAT ARE SHAPING OUR FUTURE CONTINUED

Regulatory

- Capacity Market mechanism re-instated in November 2019 and backdated funds paid
- Targeted Charging Review completed
- TRIAD benefit further phased out

Ofgem and BEIS continue to be focused on levelling the playing field between transmission and distribution connected users.

Triads
Triads are the three highest points of demand in the winter for which premium payments are received as a particular benefit for embedded generators such as Infinis. Following regulatory change, FY20 saw the second of a three year phased reduction in triad amounts and FY21 will mark the first year of triad benefits excluding all residual elements and concluding a reduction by c85% (on a like-for-like basis) of the value of triads as an ancillary benefit.

Capacity Mechanism
The Capacity Market is designed to ensure sufficient reliable capacity is available by providing payments to encourage investment in new capacity or for existing capacity to remain open. Infinis has several PR power plants in the Capacity Market and will seek to secure further agreements. As of November 2018, the UK's Capacity Market was suspended following a ruling by the European General Court (EGC), which annulled the State Aid approval for this mechanism on technical grounds relating to the process followed by the European Commission in giving such approval. Following appeal by the European Commission the scheme was granted a new State Aid approval in October 2019. All delayed payments were received in the year and the scheme operates on a business as usual basis, with payments flowing monthly and auctions annually.

Network charging
The Targeted Charging Review, which has the objective of reforming aspects of the charging methodologies for the transmission and distribution networks and removing embedded benefits, has continued through FY20. A final decision was made in October 2019 which will remove the BSUoS embedded benefit from April 2021. A further BSUoS taskforce has been set up by Ofgem to review who should pay for BSUoS, with the most likely outcome being that it is levied directly on consumers.

Ofgem continue to progress the Significant Code Review (SCR) through the Charging Futures Forum, reviewing the basis for providing and charging for access to and use of electricity networks. Update papers were published in FY20 but kept all options on the table. Ofgem is due to provide a final decision in Autumn 2020 for implementation from April 2023. Infinis continue to monitor progress with a particular focus on any changes to GDUoS embedded benefits which are of particular benefit to PR sites, depending on location, and in benign markets in providing supplemental revenues to wholesale power pricing for generating during evening weekday peak times.

Other changes
During FY20 Ofgem took the decision to suspend the Market Maker Obligation (MMO) from the UK power market due to the cost burden on remaining participants of providing market liquidity following merger activity. Infinis has noted a drop in liquidity, although this has not adversely impacted the ability to effectively implement the trading strategy for near term seasons. There has been a noticeable widening of bid/offer spreads in power pricing and we continue to engage with Ofgem and BEIS regarding possible solutions.

COVID-19

There has been little disruption to generating supply in the electricity market since the COVID-19 outbreak and the principal impact has been the reduction and change in profile of electricity demand witnessed during March and post year end, by over 20% initially during the early morning peak and returning gradually to an average daily reduction of c9% by July 2020. The key impact of this has been:

- Volatility in pricing – market pricing for liquid seasons fell significantly as the UK entered 'lock down' as caution of the prolonged human and economic impacts of the pandemic overlaid a market already weakened by historically low commodity prices, notably for oil, gas and carbon. Since May 2020, as lock down measures have eased and commodity prices have risen, pricing has seen a marked recovery. However, volatility remains a feature, particularly in the near term and closer to delivery where more frequent periods of low and negative pricing have been experienced day ahead as the system takes account of lower demand and higher contributions to grid capacity from zero marginal cost renewables.

  Through our progressive hedging strategy, Infinis is protected from near term market volatility. Prior to the COVID-19 outbreak and against the backdrop of strong gas supplies and falling commodity prices, an increased level of future year revenue was locked in providing protection and certainty on future years' revenues.

- Increased Grid balancing – the significant and rapid drop off in demand has also led to the Electricity System Operator (ESO) facing significant new challenges to balance supply with demand, particularly when high intermittent renewable output (solar/wind) combines with traditionally low demand periods. There has been increased balancing activity and to support this additional powers have been granted to ESO (to October 2020) for emergency disconnection, should it be required as a last resort. The ESO has also established new commercial services for turn-down flexibility to provide an additional buffer to manage low demand but which have required limited use to date in practice. Such measures, however, together with a recognition of the vital environmental management services Infinis provides through the capture and utilisation of methane, provide assurance for the maintenance of uninterrupted CLM generation by Infinis as has been experienced through the COVID-19 pandemic to date.

A TRULY RESILIENT BUSINESS IN UNCERTAIN TIMES

RESILIENCE IS THE RECURRING MESSAGE WE USE TO DEFINE THE INFINIS BUSINESS AS WE REFLECT ON HOW WE HAVE RESPONDED, AND HOW WE ARE POSITIONED TO OPERATE GOING FORWARD IN AN UNCERTAIN SOCIAL AND ECONOMIC OUTLOOK

Established business model with stable predictable revenues and strong margins
The CLM and CMM baseload business is highly predictable with proven ability to forecast volumes within a +/-2% tolerance. ROC revenue for CLM and embedded benefits for all divisions provided additional margin to shelter from adverse market pricing movements and provide funding for growth and development.

The largely in-house controllable operating cost base ensures quality, consistent operating practices and high engine availability and reliability.

The ability to overhaul engines and refurbish key engine parts in-house at the Centre of Excellence, in Lancaster, provides a lower cost and flexible engine servicing model. Minimising reliance on external engine manufacturers has the added benefit of creating in-house technical knowledge which drives future innovation. A risk based stock inventory of engine parts and overhaul kits are carried at the Centre of Excellence with multi-year agreements in place with Clarke Energy (supporting Jenbacher engines) and Finning (supporting Caterpillar engines), organisations owned by global financially secure parent companies.

Strategy focused on maximising long-term shareholder return
Strategic growth opportunities are likely to be harder to evaluate in a less predictable market. It remains important that the disciplines and controls we employ to effectively deliver our strategy continue to operate effectively and that we adopt an increased level of prudence in projections which underpin potential investments.

Our shareholder, 3iN, has a proven history as a long-term investor and working with its investments to optimise and grow by focusing on low risk, gradual and considered, sustainable investment.

Protection from adverse market volatility and regulator activity
The market section on pages 13 to 15 outlines how Infinis is well positioned to minimise the impact from adverse regulatory changes or market pricing volatility.

Capital resources
Closing cash at 31 March 2020 was £37.9m after a £29.7m voluntary prepayment of senior debt in the year. £38.0m of the revolving credit facility was undrawn at 31 March 2020.

A further high level of operating cash flow is projected in FY21 with scheduled interest payments on senior debt over this period totalling £9.1m. The Group also has no fixed annual repayment commitment on shareholder loans.

The Group has further flexibility to defer an element of forecast capex spending should it be necessary, allowing the Group to reduce senior debt leverage relatively quickly if required.

Highly credit worthy counterparties
Offtakers
The risk of default of offtakers is considered low. The majority of offtakers are key UK and European energy suppliers with strong credit ratings and providing critical electrical supply, many of whom provide pan European energy supply and would most likely be supported by governments if required.

Clearing banks
Infinis' cash deposits are held with major UK clearing banks with a low risk of default.

In line with the Group Treasury policy to diversify deposit risk, deposits are split broadly evenly across three UK clearing banks.

Land owners
The majority of Infinis' sites are secured under long-term lease and operating agreements. CLM operations tend to be capturing methane on landfill sites owned by the major UK landfill operators. As a key activity, waste collections and disposal have been less impacted from UK lockdown and hence are less exposed to liquidity and solvency challenge relative to the general market.

Remote operations monitoring and risk-based response 24/7
The Logistics Centre in Northampton is a centralised control room providing 24/7 remote monitoring and control through cloud based systems of all Infinis sites. Dispatching of scheduled maintenance activity is undertaken through Maximo maintenance management system and in the event of an engine failure, spare engines can be started within minutes while an operational technician is dispatched to attend and address the action required at site. This ensures minimal downtime and the safe, and compliant, capture of methane and generation.

KEY PERFORMANCE INDICATORS

Strategic priority	Objectives	KPIs	KPI definition	KPI measurement	KPI commentary
High performance safety culture	— Maintain high standards for health and safety compliance	**RIDDOR accident frequency rate**	Reported as the number of instances for every 100,000 hours worked	0.25 (2019: 0.00)	Infinis continues to demonstrate an exceptional health and safety record with Health and Safety at the forefront of everything we do.
		Total recordable injury rate	Total reportable lost time and medical treatment injuries for employees	0.35 (2019: 0.11)	
Relentless focus on operational excellence	— Build and maintain an outstanding reputation — Maintain, protect and safeguard assets — Maintain highest standards of environmental compliance	**Installed capacity (MW)**	Total power production capacity	472 (2019: 475)	Three new PR sites were commissioned in the year, adding 5MW of installed capacity, and one CLM site was disposed of. The removal of on site engines due to the reduction in available gas saw a reduction of 7MW in installed capacity. The prior year figure was restated to a closing installed capacity of 475.
		Exported power (GWh)	Total power sold	1,482 (2019: 1,530)	Movement explained in the Operational and Financial Performance on pages 25 to 27.
		Reliability (%)	Run hours/adjusted dispatched hours	96.0 (2019: 95.5)[1]	CLM availability and reliability remained high and consistent to prior year reflecting the fixed and structured engine servicing regime in place for all engines based on set run hour intervals. CMM and PR improved in the year, with the year end position notably above the reported average as a consequence of continued CAPEX investment in the acquired Alkane fleet.
		Availability (%)	The amount of time our sites are available to generate	92.9 (2019: 91.9)[1]	
		Maintenance capital expenditure (£m)	Capital expenditure on maintenance activity in the year	16.6 (2019: 17.6)	The reduction in CAPEX is driven by a reduction in major overhauls which is a combination of the engine life cycle related timing variance and also our strategy to reduce engine run hours in line with reduction in CLM available gas over time.
High level of in-house commercial expertise	— Maximise the average selling price — Define and operate a clearly defined trading strategy — Maintain and renew land arrangements for operating sites	**Average selling price (£/MWh)**	Revenue recognised in the year divided by exported power	CLM 113.7 (2019: 109.5)	CLM ASP increased by £4.18 from FY19 to £113.72 driven primarily by higher traded power prices +£5.09 and increased BSUoS income +£0.59 offset by lower Triad income (£1.63).
				CMM 67.5 (2019: 64.6)	CMM ASP increased by £2.87 from FY19. The main drivers for this were Capacity Market income in standstill during FY19 and paid in FY20 +£2.49, higher traded power ASP +£1.57, offset by lower Triad revenue (£1.21).
		Gross profit per MWh (£/MWh)	Gross profit divided by exported power	PR 22.4 (2019: 31.3)	Gross profit/MWh dropped by £8.90 to £22.40. This was mainly the result of additional running of the PR assets outside of GDUoS peak periods.
Deliver strong financial performance	— Maintain stable and predictable cash flows — Ensure availability of funds to achieve business objectives	**Revenue (£m)**	Income from export of electricity and associated benefits	160.9 (2019: 164.0)	Movement explained in the Operational and Financial Performance on pages 25 to 27.
		EBITDA (£m)	Earnings before interest, tax, depreciation, amortisation and operating exceptional items	81.5 (2019: 78.3)	
		Cash generated from operations (£m)	Operating cashflow generated from operating activities	87.7 (2019: 73.2)	
		Net debt (£m)	External borrowings under the Senior Facilities Agreement net of cash and cash equivalents	210.4 (2019: 232.4)	
Develop and invest in new growth opportunities	— Deliver appropriate development on schedule and within budget	**Development capital expenditure (£m)**	Capital expenditure on development activity in the year	3.7 (2019: 12.4)	Movement explained in the Operational and Financial Performance on pages 25 to 27.

1 2019 includes baseload (CLM and CMM) activity only.

RISK MANAGEMENT

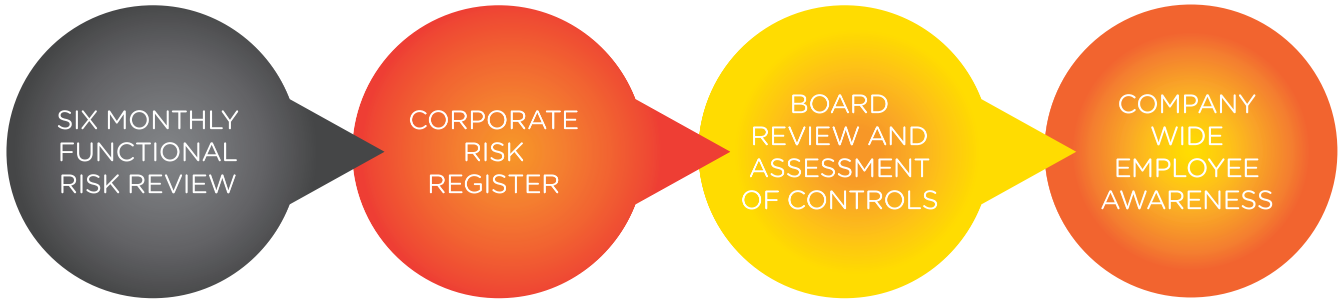
WE ADOPT A CONTINOUS, STRUCTURED AND DISCIPLINED APPROACH TO RISK MANAGEMENT

Approach to risk management
Our approach to risk management is continuous, collaborative and designed to eliminate or manage the risk of failure to achieve the Group's objectives. The Governing Board exercises oversight of the risk management process at Board and Audit Committee meetings.

The aim of our risk management policy is to:

— improve decision-making and increase the likelihood that the Group's objectives will be achieved;
— reduce the probability that damaging events will occur; and,
— if damaging events do occur, minimise their impact.

Risk management process
The Group has a well-established risk management process that is embedded in management processes, responsibilities and culture. It is proactive and designed to instil the principles of the risk management policy at functional level through a process of self-assessment and certification.



Each business function has responsibility for proactively managing its applicable risks and maintaining its own risk register to formally identify and manage risk. These registers identify inherent risk, mitigating controls and residual risk after taking account of those control measures.

Business functions formally review the management of risks under their ownership on a half-yearly basis.

The individual functional risk registers are consolidated into a corporate risk register, through which key risks can be monitored.

A consolidated Group risk report is presented to the Audit Committee and the Governing Board. This highlights material changes in risk profile, any recent material events which have tested the risk management process, and responses to those events.

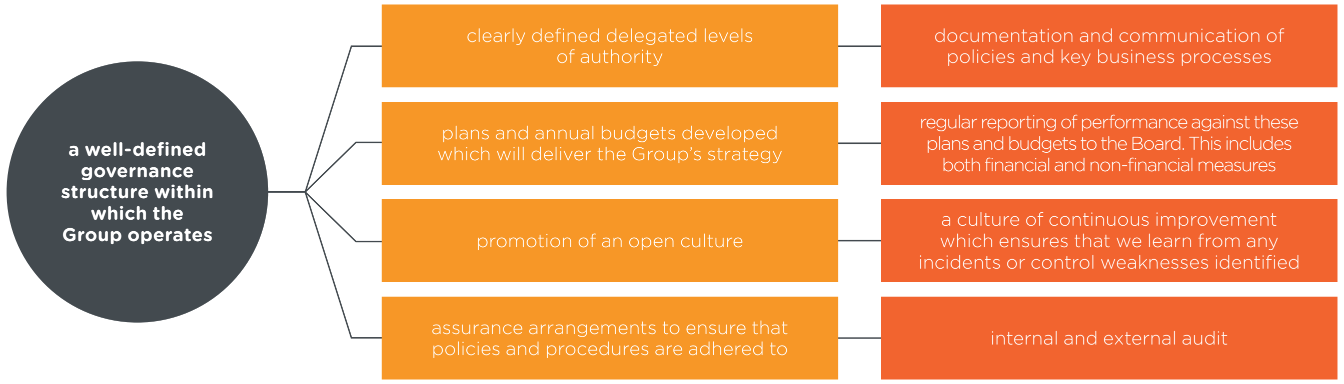
Executive Directors consider whether any new risks have materialised or deteriorated on an ongoing basis and, if required, these are reported on more frequently.

To ensure that understanding and managing risk is at the core of how we operate, results of the risk management process are embedded in the Group's systems and procedures where appropriate, and periodic briefings are made to our management teams.

COVID-19
During the year the business had to adapt quickly to the emergence of the COVID-19 pandemic. Using the risk assessment process that is embedded in the business, management were able to quickly identify the key risks and adopt actions that would minimise the impact of those risks on the operation of the business.

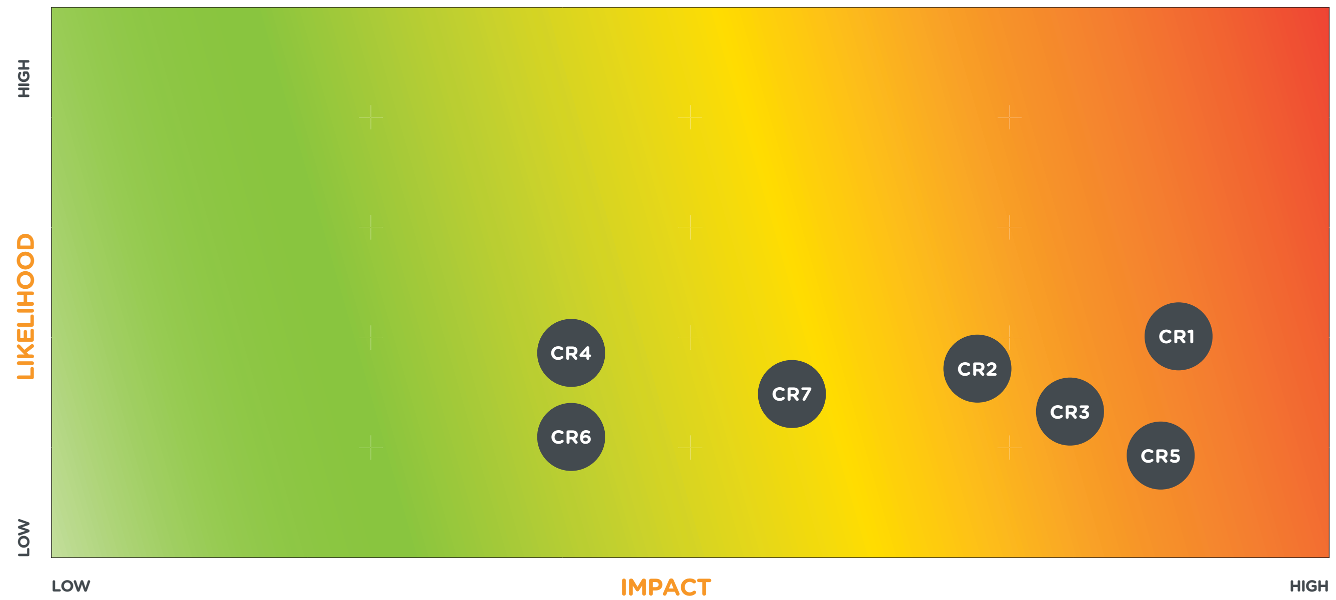
For the reasons outlined on page 16 the business was assessed to have an overall risk of low impact to COVID-19. Despite this, those risks which were considered to have a higher financial impact were included on the corporate risk register. The majority of these relate to an expansion of the definition of existing corporate risks. Our assessment and risk management of these risks is outlined on pages 21 to 24.

Internal control
Internal controls are key to mitigating the likelihood or impact of a risk adversely affecting the business. The Group has a comprehensive system of internal controls. The main elements of the Group's internal control system comprise:



The Governing Board confirms that no significant failings or weaknesses have been identified in the Group's system of internal controls in the year ended 31 March 2020.

Risk matrix
The following matrix summarises the known principal risks and uncertainties facing the Group. Our business could be materially adversely affected by any of these risks, the financial impact is measured with reference to EBITDA.



CR1 Macro-economic impact on pricing
CR2 Lower than expected exported power
CR3 Without diversification the natural decline in CLM and CMM will lead to a shrinking business over time
CR4 Loss or expiry of landowner leases
CR5 Availability of funds to achieve business objectives
CR6 Business continuity including cyber risk
CR7 Counterparty risk

PRINCIPAL RISKS AND UNCERTAINTIES

In the table below the following key applies, with measurement against the assessment made at March 2019:

- Risk assessed to have increased
- Risk assessed as unchanged
- Risk assessed to have decreased

Risk Description	Mitigation and monitoring	Change
1. Macro-economic impact on pricing		Unchanged

Risk Description

Infinis' baseload revenue pricing comprises a market price, ROC subsidy for CLM, Capacity Market subsidy for PR and embedded benefits for all divisions.

Regulatory
As outlined on pages 13 to 15 Ofgem has completed a series of significant network charging reviews over recent years. The outcome of this can influence individual revenue components, overall market pricing and route to market. Both the UK Government and Ofgem plan future year reviews.

Pricing risk
A significant proportion of revenue is dependent on wholesale power prices.

Both of the above factors could result in lower revenues, profits and operating cash flows resulting in:

- Increased senior debt leverage
- Reduced shareholder distributions / loan repayments
- Financial impairment of the carrying value of goodwill (if applicable), intangible assets and plant property and equipment.

Mitigation and monitoring

Regulatory
The Regulatory landscape is more certain as we move into FY21. The impact of the TCR was in line with expectations, with the key expected impact being the loss of the BSUoS benefit from FY22 onwards. In FY20, BSUoS contributed £4.7m (FY19: £4.0m) revenue.

The Significant Code Review (SCR) is the only on-going regulatory review at present and is expected to impact how GDUoS revenue is earned. Infinis expects that GDUoS will only be eligible in DDAs post April 2023. This is a key revenue stream for PR although importantly, with the SCR ongoing for several years now, all PR development has been focused on DDA areas.

The ROC regime is set to run until 2027. FY20 ROC revenue was £62.6m (FY19: £69.6m) and is earned only on the CLM division. CMM does not attract ROC or any form of renewable subsidy in the UK, unlike in France and other EU countries. Given the similarities to CLM, in particular the key environmental compliance aspect, this is a position we are discussing with BEIS. ROC revenue reduces over time as methane gas levels reduce in CLM.

Triads and the Capacity Mechanisms and Network Charging are all areas that impact Infinis and more detail is provided in the Market Review on pages 13 to 15.

In order to mitigate regulatory risk we ensure that we have close working relationships with industry trade bodies to remain informed and influence decisions. Having foresight of impending decisions also enables informed investment decisions to be made.

Pricing risk
The Market Report on pages 13 to 15 outlines the in-year factors and the impact of COVID-19.

Our developed and documented Board approved trading strategy considers forward contracting and index-linked agreements among other pricing strategies. By the effective implementation of this strategy over FY20, Infinis has a high degree of revenue certainty over the coming years. Post this period, while a delayed market recovery could impact future returns, the Board have evaluated a number of measures it could apply to mitigate the impact of prolonged lower pricing were it to materialise.

ROC recycle has been a significant value driver in recent years contributing revenue of £7.6m in FY20 (FY19: £11.5m). The revenue stream is dependent on electricity demand. A significant drop in demand could result in either a lower or no ROC recycle income generation.

Risk Description	Mitigation and monitoring	Change
2. Lower than expected exported power		Unchanged

Risk Description

Gas availability
CLM and CMM gas availability across our portfolio may decline faster than anticipated due to inaccurate estimates, changes in waste volumes, waste mix, mine flooding and early site closure.

Weather, in particular prolonged periods of high temperatures, may impact landfill methane gas production and/or extraction.

COVID-19
While engines can be operated remotely, field technicians are required to manage the gas fields/boreholes and engineers, combined with key engine parts suppliers, repair breakdowns and provide scheduled servicing and overhauls. A high and prolonged period of employee absence and/or a failure of key parts suppliers could impact engine availability and exported power output.

Both of the above factors could result in lower revenues, profits and operating cash flows resulting in:

- Increased senior debt leverage
- Reduced shareholder distributions / loan repayments
- Financial impairment of the carrying value of goodwill (if applicable), intangible assets and plant property and equipment.

Mitigation and monitoring

Gas availability
We have developed an in-depth understanding of the composition of CLM sites which enables us to take a data driven approach to forecasting gas output. We regularly challenge our forecasting assumptions and benchmark them against external third party specialists.

Our estimates are updated at least annually in-line with the annual reporting cycle to reflect latest waste volumes/mix and tipping plans provided by landfill operators. Our strong relationships with landfill operators enable us to understand how their activity may impact levels of waste and composition.

We have a strong track record of forecasting available gas. Over the last five years output from across the CLM portfolio has varied between +/- 2% compared with budget, with FY20 within 1%.

Infinis is the largest CLM generator in the UK, operating across a number of sites throughout the country. In the event of early closure of sites by a landfill operator, waste may be diverted to another site from which Infinis operates.

CMM gas forecasting is data driven and our understanding is based on input from experts and geologists, and factors in the risk of flooding. Estimates are also benchmarked against external third party data.

Engine availability is a key performance metric used to monitor this risk.

COVID-19
All sites and engines are remotely monitored and controlled by the Logistics Centre.

Social distancing protocols have been implemented. Key measures include the following:

- Field operational resources have been classified as key workers;
- All office staff including logistics are successfully working from home;
- Work is being planned on a priority and risk-based approach aiming to minimise interactions where possible. Where it is not possible to carry out a task individually, guidance has been issued for multiple person tasks;
- Worker health management and tracking processes are in place. Where applicable, additional and more stringent social distancing control measures are being applied to those employees identified as having underlying health conditions as outlined in the government guidance which puts them into the increased or higher risk category;
- Key sites have spare engine capacity that can be used in the event of engine failure for a prolonged period;
- Scenario modelling has been developed to test revised operational deployment strategies in the event there is a prolonged period of impact and high illness rate.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk Description	Mitigation and monitoring	Change
3. Without diversification the natural decline in CLM and CMM will lead to a shrinking business over time		+
Diversification changes the revenue and cost profile and introduces new risks such as increased exposure to wholesale power price volatility, reduced margins and new regulation. **COVID-19** Volatility in market pricing, and a possible period of prolonged lower pricing on the back of COVID-19 may reduce the number of growth and development projects which can be approved as the minimum forecast project return thresholds may not be achieved.	The Group's strategy recognises this risk and has been focused on organic and M&A growth over recent years. The acquisition of Alkane in April 2018 added a complementary CMM baseload business with a number of profit enhancing synergies delivered. The acquisition also added an established PR operating model to accelerate the Infinis strategy. PR continues to be developed organically with 3 new sites, adding 5.2 MW, commissioned in the year and a 'shovel-ready' pipeline of over 80MW being developed for future years. Solar has progressed as an organic growth strategy during FY20 and naturally complements CLM through utilising existing grid connections and other equipment on site which is freed-up as the methane gas levels decline over time. A number of priority sites have been identified with the intention of these sites being construction ready by April 2021. To further expand the portfolio, a small 6MW consented Solar development site was acquired in June 2020. Investing in development activities and growth through M&A into new technologies improves diversification and reduces the risk of a shrinking business. Development capital expenditure is a key performance metric for the business. Integration plans and business-as-usual risk management processes are well-designed to recognise and manage new risk from new operations.	
4. Loss or expiry of landowner leases		>
We do not own any of our operating sites and are dependent on lease arrangements. Failure to renew expiring leases could result in a reduction in revenues. Failure to comply with existing lease terms could result in early termination resulting in a reduction in revenues. When sites are no longer economically viable we may exit that site at which point certain obligations may arise.	We maintain ongoing relationships with landlords to ensure we are well placed to renew leases on profitable and cash generative sites. We have an effective process for discharging payment obligations and monitoring lease expiries to enable us to engage promptly with landowners. The average remaining lease duration on site leases is 12 years. The business has site exit procedures which ensures all of our obligations are met.	
5. Availability of funds to achieve business objectives		>
To retain our debt funding we are required to ensure we do not default on current facilities. In order to grow the business, Infinis may require funding to support organic and M&A growth ambitions. **COVID-19** Given the uncertain economic outlook, a number of stress tests to review the liquidity impact and financial covenant compliance to the period September 2023 have been completed. Modelled scenarios include: — Default of an offtaker — General cash receipts delay — Prolonged period of market pricing recovery	The existing debt facility expires in August 2023. During the year, a voluntary prepayment of £29.7m was made against the senior term loan reducing this to £248.3m. The business operates within its covenants and at March 2020 a £38.0m undrawn RCF is available to fund growth as required. We closely monitor compliance with our financing facilities on both an actual and forecast basis. Cash generated from operations and net debt are key performance metrics and the Governing Board reviews covenant compliance on a routine basis with six-monthly reporting to the senior lenders. We have regular engagement and dialogue with current and future lenders to ensure financing options are understood and assessed. Our Shareholder has extensive experience in financing to support these activities. **COVID-19** Stress testing of possible COVID-19 scenarios indicated no material adverse impact to the financial position and no default on financial covenants. The review reflects the strong profit and liquidity metrics of the business and the additional ability, in particular through CAPEX reduction, to mitigate modelled revenue risk. It should be noted though that under the more severe scenarios the ability to use surplus cash flows to invest in growth opportunities, notably solar investment is significantly reduced.	

Risk Description	Mitigation and monitoring	Change
6 Business continuity including cyber risk		>
Adverse events, such as weather, fire or explosion may impact our ability to perform key compliance services and reduce exported power output. There are also potential reputational and financial losses from responding to any adverse business continuity events. **Cyber risk** Cybercrime is a growing risk for all businesses. Malicious cyber-attacks on our IT infrastructure and core systems may impact operational performance and could result in consequential costs or losses. **COVID-19** COVID-19 presented a very real and current business continuity risk during the year and continues to do so.	Our sites are geographically dispersed across the UK, with no site contributing more than 6.1% of revenue in FY20. Unlike many in the energy sector, we are not significantly exposed by the loss of a single site. We maintain business interruption and property damage insurance cover up to a limit of £25m, for loss of profit and reinstatement of any site. All engines are controlled from the Northampton Logistics Centre. Further details on this are included on page 16. Over recent years, site monitoring and remote site management including engine load balancing has been automated and centralised through the Logistics Centre. To support this, we are in the process of upgrading the communication fail-over connections with all key sites, a process now expected to complete by September 2020. There remains an offsite facility to which our Logistics Centre is able to relocate in the event of the loss of the Northampton Head Office (in addition to now proven home working capability). All core systems have a cloud-based IT recovery facility to ensure continuation of our operations. **Cyber risk** We continue to benchmark our IT infrastructure against threats of malicious attack and security breaches, using expert third parties to support us, and continually seek improvements to the robustness of our systems and recovery times in the event of failure. Periodic third party cyber audits and penetration testing is completed with improvements identified and implemented. Infinis has invested £0.5m over the last 3 years to enhance its cyber security. **COVID-19** The business has a full and comprehensive business continuity plan which formed the basis on which Infinis was able to react to the COVID-19 operational challenge. This ensured the changes to our way of working, such as working from home, were embedded quickly and effectively. Details of our implemented Business Continuity Plans in response to COVID-19 are summarised in Corporate Risk 2.	
7 Counterparty risk		+
We sell our generation output and related products to a small number of UK counterparties under a variety of contractual arrangements. Failure of a counterparty to honour a contract may result in loss of revenue for power already delivered or for power not yet delivered, and a loss of future revenue where we are unable to enter into a replacement contract with another counterparty. Clearing bank, supplier and land owner default is considered on page 16 with appropriate mitigating actions identified. **COVID-19** Increases credit risk with offtakers and also more generally across the supply chain and with our land owners.	We enter into contracts with creditworthy counterparties. The trading strategy limits no more than 30% of a season, being placed with a single offtaker without Governing Board approval. The maximum offtaker concentration of invoiced and accrued debt at March 20 was 26%. Parent company guarantees are utilised to mitigate the risk of an offtaker's subsidiary failing and Infinis not being able to recover losses against the potentially more financially robust parent. **COVID-19** While COVID-19 represents an increased credit risk to all companies we are actively monitoring the credit worthiness of our customers as well as our credit exposure against limits recommended by third parties. All offtakers operate well within recommended credit limits. With the exception of ROC recycle and Triad income, the majority of revenue is received within 30 days of the applicable month end to which it is recognised.	

Keith Reid
Chief Financial Officer

OPERATIONAL AND FINANCIAL PERFORMANCE

INFINIS HAS DEMONSTRATED THE RESILIENCE OF ITS BUSINESS AND OPERATING MODEL BY CONTINUING TO DELIVER STABLE AND PREDICTABLE CASH FLOWS IN THESE CHALLENGING TIMES

Overview

The Group delivered a very strong trading result in FY20. Exported power for the year was 1,482GWh (FY19: 1,530GWh) driven by 82GWh of growth in PR.

Overall Group revenue decreased 1.9% to £160.9m (FY19: £164.0m). EBITDA of £81.5m (FY19: £78.3m), an increase of £3.2m on the prior year. EBITDA is reported as £76.7m (FY19: £78.3m) relating to core business performance and £4.8m (FY19: nil) relating to significant one-off items.

The Group's primary division is CLM which generates 83% of revenue (FY19: 87%). CLM revenues are expected to decline gradually on a reducing basis in line with reducing available gas. The impact to gross profit and EBITDA can be reduced through improved year-on-year pricing in CLM and other divisions, organic growth of other divisions and active management of the cost of sale and overhead base of the Group. All of these factors, as outlined below, apply to the reported business performance EBITDA which has declined by only 2.5% versus a CLM exported power decline of 9.2%.

EBITDA has also been boosted in FY20 by £5.5m of one-off income in relation to business rates refunds across several CLM sites, covering the period FY14 - FY19.

Reported EBITDA margin was 50.7%, 3.0pp higher than the prior year of 47.7%. EBITDA margin relating to core business performance was 47.7% (FY19: 47.8%).

CLM

The renewable baseload CLM division exported 1,179GWh (FY19: 1,298GWh), a reduction of 9.2% on the prior year and is reflective of the natural decline in CLM on the sites we operate. Revenue was £134.1m (FY19: £142.2m), a decrease of 5.7% in the year. While underlying wholesale power prices fell across the year (see Market Review on pages 13 to 15), ASP in the CLM division increased slightly to £113.75/MWh (FY19: £109.53/MWh) due to the following:

(i) Infinis' trading strategy is to forward sell exported power under flexible PPAs with the objective of locking in a high proportion of revenue at optimal market pricing at pre-agreed pricing ahead of season. Total traded power revenue increased by £0.4m to £61.3m (FY19: £60.9m) reflecting an increase in ASP per MWh applied to 2020 exported power largely offsetting the 119GWh reduction in exported power.

(ii) Overall ROC revenue was £62.6m in the year (FY19: £69.6m), a reduction of 5.5% reflecting the reduction in exported power, offset by an increase in the ROC Buyout ASP.

(iii) Recycled ROC income is calculated with reference to the number of ROCs issued and overall demand. This is accrued based on estimates during the year of generation and finally determined the following year, typically in November. Recycled ROC income was £7.6m in the year (FY19: £11.5m), a 26% reduction driven by a combination of high renewable generation and a reduction in overall demand across Q4FY20 on the back of COVID-19 (as detailed on page 15).

(iv) Other revenue of £10.2m (FY19: £11.7m) includes Triad income and embedded benefits revenue. Triad income contributed £2.5m to other revenue (FY19: £4.9m). The reduction was largely in line with expectation and due to the phasing out of the Triad scheme (as detailed on page 15).

Embedded benefits revenue was £6.5m (FY19: £6.3m) driven by higher BSUoS revenue offsetting the reduction in exported power. Other revenue also included disposal proceeds of £1.0m (FY19: £nil) for one small end of life site.

CLM EBITDA in the year was £73.4m (FY19: £71.3m). The overall reduction in revenue of £8.1m compared with the prior year was more than offset by a reduction of £9.1m in costs (cost of sale and administration expenses). Operational costs benefited from the one-off significant £5.5m business rates refund outlined above. Adjusting for this, the operational cost was reduced by £3.8m following the completion of an operational restructure in the second half of the year.

CMM

The baseload CMM division exported 151GWh (FY19: 161GWh) a 6.2% reduction on FY19. The reduction is in line with the long-term trend for CMM exported power where available gas reduces over time.

Revenue in the year to was £10.2m (FY19: £10.4m). ASP in the CMM division increased slightly to £67.46/MWh (FY19: £64.60/MWh) due to the following:

(i) Total traded power revenue decreased by £0.4m to £8.5m (FY19: £8.9m) reflecting an increase in ASP per MWh applied to 2020 exported power offsetting the 10GWh reduction in exported power.

(ii) Other revenue of £1.6m (FY19: £1.5m), includes Capacity Market income of £0.4m (FY19: nil), Triad revenue of £0.3m (FY19: £0.5m) and embedded benefits revenue of £0.9m (FY19: £0.7m). CMM does not attract ROC income.

CMM EBITDA for the year was £5.3m (FY19: £5.2m).

PR

The PR division exported 152GWh (FY19: 71GWh). The new PR sites were commissioned in March 2020 meaning the year on year growth is predominantly derived from a similar installed capacity to FY19.

Infinis' PR operation focuses on sites in regions of the UK which are demand dominated and attract GDUoS revenue. While we have continued to experience benign market conditions in the last year, the GDUoS benefit ensures that our engines can operate profitably, for longer, in a lower power price market.

PR revenue was £16.7m (FY19: £11.4m) in the year. Variable revenue in the year, which includes traded power plus embedded benefits, was £10.5m (FY19: £6.9m).

Other revenue, which includes STOR, Triad and Capacity Market income was £6.2m (FY19: £4.5m). Capacity Market income was £2.8m (FY19: £0.2m) of which £0.7m related to the Capacity Market "standstill period" from the prior year. Consistent with other divisions, Triad revenue was lower than the previous year, at £1.9m (FY19: £2.9m).

Operating costs increased to £12.6m (FY19: £9.2m), mostly driven by an increase in fuel costs in the year to £8.0m (FY19: £6.9m). On a per MWh basis fuel costs reduced to £52.37/MWh (FY19: £78.77).

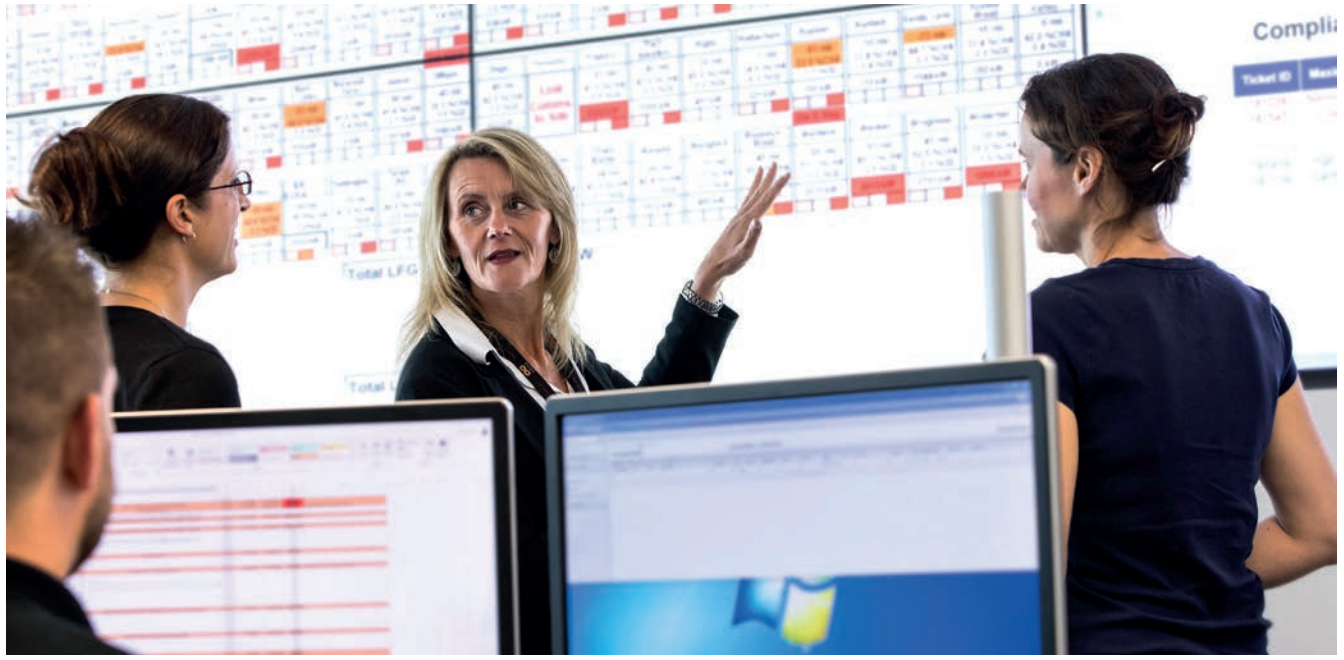
PR operating expenses include £0.7m of significant non-recurring contractual termination provisions. PR gross profit in the year was £3.4m (FY19: £2.2m).

PR segmental EBITDA was £2.7m (FY19: £1.7m).

Depreciation, amortisation and impairment

The depreciation charge in the year was £28.0m (FY19: £26.5m) and the amortisation charge was £21.4m (FY19: £22.7m).

An impairment charge of £17.7m (FY19: nil) was recognised in the year, of this £16.1m related to the CMM division. The reduction in baseload power price across FY20 and lower projected prices for future years has resulted in a reduction in the discounted cash flows from this division which does not have a ROC subsidy and consequently operates on a lower margin which is more directly correlated with market price as a result. Further details, including sensitivity analysis, are outlined in note 12 of the financial statements. £1.6m has been recognised as an impairment of property, plant and equipment following an assessment of low profit sites that the Group plans to exit and the viability of certain development projects in light of the suppressed power prices.



OPERATIONAL AND FINANCIAL PERFORMANCE CONTINUED

Operating profit
Operating profit was £12.4m (FY19: £28.2m). While the Group reported an increase in EBITDA in the year of £3.2m, the decrease in operating profit is mainly attributed to the impairment charges in the year.

Net finance costs
Net finance costs decreased by £4.5m to £29.5m (FY19: £34.0m). FY19 included an exceptional net finance cost of £3.3m related to the write-off of unamortised loan arrangement fees of £4.9m partly offset by income of £1.6m relating to the early settlement of the Group's SWAP arrangements. This net cost arose on refinancing the Group's senior debt facility in August 2018.

Senior interest expense was £9.7m (FY19: £9.0m) and interest on shareholder loans decreased by £1.5m to £18.0m (FY19: £19.5m).

Loss before tax
After net finance costs the Group recognised a loss before tax of £17.0m (FY19: £5.8m).

Tax
The Group's tax credit of £0.9m (FY19: £0.9m charge) comprised a current tax charge of £5.3m (FY19: £3.0m), offset by a deferred tax credit of £6.2m (FY19: £2.1m).

The increase in current tax charge is driven by a higher EBITDA and lower net finance cost, as outlined above. The impairment of £17.7m is not deductible from corporation tax and is adjusted back to operating profit for the purpose of calculating taxable profits.

The impact of the change in expected corporate tax rate, from 17% to 19% and used for calculating deferred tax, resulted in a £1.9m charge (FY19: nil) in the year. The Group has deferred tax liabilities in respect of its intangible and tangible assets as the accounting net book value of these assets is greater than the tax value. As the Group continues to amortise/depreciate these assets, there is a reduction in the difference between future taxable profits and future accounting profits. This results in a deferred tax credit to the income statement.

Cashflows
Cashflow generated from operations was £93.9m (FY19: £76.3m). This includes an inflow of net working capital of £14.3m (FY19: inflow of £1.9m).

Gross capital expenditure in the year was £19.9m (FY19: £29.7m). Capital expenditure was higher in the prior year due to investment in the Alkane asset base post acquisition combined with construction and commissioning of 22.4MW of PR compared with 5.2MW in the current year.

In FY19 non-recurring proceeds of £5.1m were received in the year relating to the sale of shares in Egdon Resources plc.

Capital resources
During the year, the Group voluntarily repaid £29.7m (FY19: nil) of the senior term loan. The facility matures on 15 August 2023. At 31 March 2020 £208.5m (FY19: £208.5m) of the term loan value attracted interest at a fixed rate of 3.61% using interest rate swaps and £39.8m (FY19: £69.5m) of the loan value at a variable rate of LIBOR of +2.35%.

At 31 March 2020 the Group had £213.2m (FY19: £230.3m) of interest-bearing subordinated unsecured loan notes in issue to 3i Infrastructure PLC, the parent company of its immediate parent company. Shareholder payments of £35.2m (FY19: £60.9m) were made in the year, consisting of £18.1m (FY19: £15.3m) accrued interest and £17.1m (FY19: £45.7m) principal.

Treasury policies & control
Liquidity risk, the risk that the Group will have insufficient funds to meet its liabilities, is managed by the Group's treasury function. Treasury is also responsible for managing the banking and liquidity requirements of the Group, risk management relating to interest rate risk, and managing the credit risk relating to the banking counterparties with which it transacts, including ensuring compliance with any banking covenants. Short-term liquidity is closely monitored by the treasury function, while the longer-term liquidity position is reviewed on a regular basis by the Governing Board.

In relation to the Group's liquidity risk, the Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Based on management forecasts and committed bank facilities with no near-term maturing dates, the Group considers it has adequate headroom and will continue to meet liabilities as they fall due.

Keith Reid
Chief Financial Officer

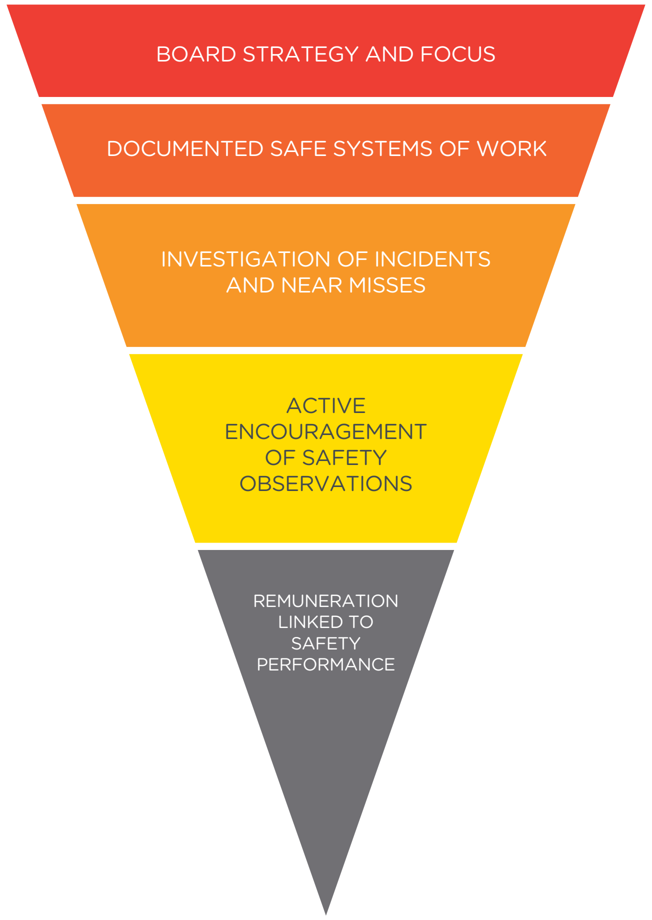
"SIGNIFICANT PROGRESS HAS BEEN MADE IN THE YEAR DEVELOPING A NUMBER OF SUBSIDY FREE SOLAR SITES WHICH WILL OPERATE ON EXISTING CLM SITES"

STAKEHOLDER ENGAGEMENT:

OUR EMPLOYEES

INFINIS IS COMMITTED TO ACHIEVING AND MAINTAINING THE HIGHEST STANDARDS OF HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION. IT'S OUR HIGHEST PRIORITY!

Health and safety is embedded within the Infinis culture, demonstrated by our exceptional health and safety record, with safety at the forefront of everything we do. Health and safety is at the top of every agenda and we have embedded the principle of "If you can't do it safely, don't do it".



Continuous improvement

We continue to seek ways of improving our sites and reducing risks through good design and maintenance, with safety rules, tools and training put in place to cover any residual risks.

The use of technology to drive improvements in health and safety management continues to be expanded. In FY20, a new online site induction system was developed and launched, delivering a fresh interactive approach to site inductions and ensuring these are specifically tailored to individual site characteristics.

Our health and safety policy commits us to systematically identifying hazards and adequately assessing and controlling risks to which employees and others may be exposed and taking all reasonable steps to prevent accidents. During FY20 we completed a full review and update of the risk assessment process and documentation. To further deliver on these objectives, Infinis has developed a bespoke Institution of Occupational Safety & Health (IOSH) approved training course that is provided in house to new starters, employees and contractors on a regular cycle.

Our record and external recognition

Over the last three years, Infinis has received no health and safety enforcement notices and has not been subject to any regulatory or enforcement action from the Environment Agency, Natural Resources Wales or the Scottish Environment Protection Agency.

During the year Infinis has retained the prestigious RoSPA President's Award for health and safety practices in recognition of 12 years of consecutive Golds Awards. This acknowledges Infinis' practices and achievements in helping our staff, contractors and visitors get home safely at the end of every working day. The RoSPA Awards scheme recognises achievement in health and safety management systems, including practices such as leadership, workforce involvement and excellence in the workplace, demonstrating a commitment to the wellbeing of not only employees but all those who interact with us.

2020 RoSPA President's Award

BRITISH SAFETY COUNCIL International Safety Awards 2020 Distinction

Additionally, for the eleventh year running, Infinis also attained an International Safety Award from the British Safety Council (BSC) in recognition of its commitment to keeping its workers and workplaces healthy and safe during the 2019 calendar year.

STAKEHOLDER ENGAGEMENT:

OUR EMPLOYEES

OUR EMPLOYEES ARE CENTRAL TO OUR SUCCESS

We believe that success and continuing strong performance is achieved through a culture built on the sheer passion, energy and engagement of our people. This can only be achieved if our existing and future employees consider Infinis to be a fair and inclusive employer.

Our commitment to diversity and equality ensures we recruit, develop and promote our employees based on performance regardless of race, gender, religion or belief, marital status, age, culture, sexual orientation, disability or background.

Investment in employee development
All roles within Infinis are clearly defined. Technical operational roles, and certain support function roles, have a structured and progressive grading level offering each employee opportunity to progress upwards and into more managerial roles as their skills and experience develop.

We want our employees to get the most out of their careers and fundamental to this is ensuring a strong training and development platform. The annual appraisal process allows appropriate development goals to be established at the start of the year and progress assessed throughout the year. Tailored technical and vocational training and development needs are identified and planned as part of this process.

We continued to support and develop our future talent through our apprenticeship schemes. We utilise our Apprenticeship Levy funds to provide training within both head office and operational teams. We aspire to continue to support young people in building excellent careers with Infinis.

Flexibility
The working world is changing with flexibility of working arrangements an important aspect to attract and retain talented employees, in particular those with family or other carer responsibilities.

Communication
Regular two-way effective communication is key to the success of any business. With almost two thirds of the Infinis employee base being geographically dispersed throughout the UK the importance of effective communication is amplified for Infinis. Over the last twelve months we have been asking our employees how we can improve our communication with them and working together to develop a new strategy utilising new technology platforms.

The COVID-19 pandemic has placed a greater demand than ever on effective communication. Frequent weekly updates have been provided to ensure employee awareness of health and safety updates, and provide a platform for responding to an increased level of employee questions and concerns.

In May 2019 we had a two day annual conference attended by all employees.

Promoting good health and wellbeing
At Infinis, we recognise the importance of supporting staff. This year has seen not only a further continuation of our well received Employee Assistance Programme, but the additional roll out of a programme of Mental Health First Aid training. We now have 48 accredited mental health first aiders, with the aim to ensure that colleagues can be supported, and where required, signposted to any required professional intervention.

As a consequence of COVID-19, we further enhanced support to all staff, but in particular those who have needed to self-isolate and provide care for children or other family members for a prolonged period. This has been well received with a high proportion of staff utilising the support.

Diversity and gender pay
The UK has the lowest proportion of female engineers in Europe. Despite this challenge, both the mean and median gender pay gaps for Infinis remain lower than averages across UK industry, according to data provided by the Office of National Statistics.

Diversity: age (% as at end of period)

	2020	2019
Under 30	12	10
30-39	27	27
40-49	27	30
Over 50	34	33

Diversity: ethnic diversity (% as at end of period)

	2020	2019
White (UK)	93	94
White (Other)	4	3
Black (African)	1	1
Black (Caribbean)	0	1
Other (Mixed background)	2	1

Diversity: gender (% as at end of period)

	2020		2019	
	Employees	Senior management	Employees	Senior management
Male	88.3	100.0	89.4	100.0
Female	11.7	0.0	10.2	0.0
Other	0.0	0.0	0.4	0.0

STAKEHOLDER ENGAGEMENT:

OUR COMMUNITIES

WE ARE COMMITTED TO BEING A GOOD NEIGHBOUR AND SUPPORTING AND INVESTING BACK INTO LOCAL COMMUNITIES ACROSS THE UK

Working with our neighbours
Building and maintaining successful relationships with the communities in which we operate within is integral to the success of the business. We recognise that working with neighbours, and other local stakeholder organisations as well as others who may be impacted by our activities is the right thing to do. It allows focus on our corporate responsibilities and ultimately benefits our performance.

As required, we engage our communities in larger developments and ensure that noise and emissions from our operations are minimised to well within planning, permit and other requirements.

Investing back into our communities
We continue to be an active supporter of charities and make annual donations to good causes nominated by our employees across the business.

Our employees select a 'charity of the year' with many fund-raising events held across the year for the chosen charity. More than 150 donations have been made to a range of organisations from local schools and sports clubs to more established charities.

We provide volunteers to support a range of activities from supporting key social care services through to maintaining and improving key areas of our local communities. This year we helped five organisations with a variety of activities including preparing and serving a Christmas dinner for a local Age UK centre, supporting remedial repairs at the allotments of Northampton's Hope Centre, and renovating an unused piece of green land on a deprived housing estate into a thriving community garden for Nottingham based charity Bulwell Forest Garden.

In response to COVID-19 our employees have further stepped up these efforts. Of the many projects completed, we highlight two examples of the great contributions of our employees during this challenging time.

(i) As part of our support for Northampton NHS, 200 scrubs templates, 250 face mask templates and 300 instruction guides were produced and distributed to the volunteers for this project.

(ii) Rob Matthews, Regional Operations Manager (West Region) worked hard on making surgical facemask straps via a 3D printer. Infinis provided an additional printer to boost production. Rob's superb personal effort has enabled him to create over 1,700 units which have been distributed to Ambulance Resource Centre in North Wales, South Wales Ambulance Service, Nursing homes in South Wales and two NHS Trusts.

Charity of the Year
The employee nominated charity of the year was Dementia UK. A series of fund raising events have been held throughout the year ranging from Christmas jumper day through to home baking.

Given the important role undertaken by Dementia UK we wanted to push our fund raising efforts and planned to undertake the Infinis triathlon with over 40 employees taking part in three events.

While fund raising efforts have been temporarily put on hold until the events can be rescheduled we wanted to thank all of our supplier base and friends and family who have contributed to the fund raising and enabled much needed funds to be transferred to support the great work performed by Dementia UK.

STAKEHOLDER ENGAGEMENT:

OUR SUPPLIERS

WE AIM TO ESTABLISH LONG-TERM PARTNERSHIPS WITH OUR SUPPLIERS

We contract with the majority of our significant suppliers for a 3 year term following an active tender process. Suppliers are asked to complete extensive supplier onboarding processes to ensure quality of service, appropriate health and safety practice and compliance with appropriate legislation, including data protection and modern slavery.

Throughout the term of the supply contract, the procurement team will periodically meet with key suppliers and hold quarterly performance meetings. This provides both Infinis and the supplier the opportunity to make improvements to the benefit of both parties. Management of smaller suppliers is on a risk based approach and driven by the quality of service delivery and in particular any issues emerging from the Infinis supplier reporting dashboard.

We pay our suppliers on time and normally 30 days from month end. We promote a procurement model which is designed to deliver appropriate and sustainable margins. We do not look to push suppliers to margins and/or service levels which we consider unsustainable.

Of the top 10 suppliers by spend, equating to 46% of annual operating and capital costs, the average length of tenure of relationships is 6 years.

OUR OFFTAKERS

DELIVERING ON OUR PROMISES AND COMMITMENTS ESTABLISHES LONG-TERM SUCCESSFUL TRADING ARRANGEMENTS

We limit our trading relationship to a small number of large, high credit worthy, UK energy offtakers and contract directly with these organisations. CLM and CMM contract to deliver a forecast level of electricity generation from each site. Our contractual arrangements are extensive, but relatively straightforward when both parties meet their key obligations and our interaction with the offtakers is underpinned by periodic management meetings.

OUR LAND OWNERS

IT'S A PARTNERSHIP WHERE COMBINED EFFORTS BENEFIT BOTH

Our CLM and CMM operations operate through long-term contractual agreements. In CLM, effective management of site activity, to the Environment Agency requirements, ensures effective methane capture and consequently exported power generated from each site can be maximised. The majority of CLM sites have royalty arrangements whereby a percentage of the financial performance of the site is paid to the land owner.

We have quarterly meetings with our key land owners at a management level, with day-to-day contact through our field based technicians and engineers. We promote a culture of trust by ensuring we perform all our duties to the best of our abilities and if needed, go the extra mile to support land owners activities.

PR and CMM operations operate from standard long-term lease agreements on market terms.

OUR LENDERS

A CLOSE AND STRONG LENDER RELATIONSHIP IS CENTRAL TO DELIVERING OUR STRATEGIC OBJECTIVES

We work closely with our Lenders to provide them regular trading updates on the business which are both historic (annual and half year results) and forward looking (budgets and forecasts).

Several of our Lenders have provided senior debt to Infinis under previous capital structures - this is the long term partnership we aim to develop. The Board has a number of experienced financial professionals and through both this experience, and consideration of key lender metrics, we seek to ensure that any new strategic project or shareholder payment does not prejudice the position of our lenders. Importantly, as a Board, where we consider equity investment is required our Shareholder (3iN) has, to date, demonstrated their commitment to further equity injection where the Board considers there to be a requirement for equity investment.

BOARD OF DIRECTORS

The Board of Infinis Energy Group Holdings Limited consists of one Shareholder Director and the three Executive Directors.

The Board of Infinis Energy Management Limited (the Governing Company) consists of two Shareholder Directors, the three Executive Directors, the Chairman and two Non-executive Directors.

Key:
- A Audit Committee
- E Executive Committee
- R Remuneration Committee
- Committee Chairman

Shane Pickering
Chief Executive Officer

Committee membership E

Appointed to the Board
Infinis Energy Group Holdings Limited – 13 January 2017

Infinis Energy Management Limited – 13 January 2017

Other key appointments
None

Shane joined the Infinis Board as CEO on 13 January 2017 following the acquisition of the CLM business by 3i. From May 2015, he held the position of Infinis Director of Operations, responsible for both the wind and CLM portfolio. Prior to that, Shane was Regional Director of Operations at Intergen.

James Milne
Commercial Director

Committee membership E

Appointed to the Board
Infinis Energy Group Holdings Limited – 13 January 2017

Infinis Energy Management Limited – 13 January 2017

Other key appointments
None

James worked as Head of Legal for Infinis from March 2011 and was Group Company Secretary from September 2015. He leads the Group's commercial and legal activities. Prior to Infinis, James was a partner at the international law firm, Herbert Smith, specialising in corporate advisory work.

Keith Reid
Chief Financial Officer

Committee membership E

Appointed to the Board
Infinis Energy Group Holdings Limited – 25 April 2019

Infinis Energy Management Limited – 26 March 2019

Other key appointments
None

Keith joined Infinis in March 2019 as Chief Financial Officer and joined the Board on 26 March 2019. Keith is a KPMG qualified chartered accountant and has held Group CFO roles in both UK and International private equity backed businesses.

Tim Short
Shareholder Director

Committee membership R A

Appointed to the Board:
Infinis Energy Group Holdings Limited – 17 October 2016

Infinis Energy Management Limited – 18 October 2016

Other key appointments
None

Tim joined the Infinis Board on 18 October 2016 and is a partner in 3i's infrastructure division focused on origination, execution and financing of infrastructure investments. His transaction experience includes Attero, Belfast City Airport, East Surrey Pipelines, Elenia, ESVAGT, Ionisos, Joulz, Oystercatcher, Scandlines, Tampnet and TCR.

Matthew Edwards
Shareholder Director

Committee membership R A

Appointed to the Board:
Infinis Energy Management Limited – 25 February 2020

Other key appointments
None

Matt joined the Infinis Board on 25 February 2020. He is a Director in 3i's Infrastructure division focusing on the infrastructure and energy sectors in the UK and continental Europe. Prior to joining 3i, Matt was Investment Director at Innisfree Limited.

Tony Cocker
Chairman and Non-Executive Director

Committee membership R A

Appointed to the Board
Infinis Energy Management Limited – 1 August 2017

Other key appointments
Non-executive Director, SSE plc; Chairman, Affinity Water Limited; Governor and Deputy Chairman, Warwick Independent Schools Foundation.

Tony was appointed Chairman and Non-Executive Director on 1 August 2017. He previously worked for E.ON and Powergen in a number of roles from 1996 to 2017, including Chairman and CEO of E.ON UK plc, CEO of E.ON Energy Trading SE and Managing Director of E.ON UK Energy Wholesale.

Scott Longhurst
Non-executive Director

Committee membership R A

Appointed to the Board
Infinis Energy Management Limited – 10 May 2017

Other key appointments
Founding member of HRH The Prince of Wales's Accounting for Sustainability Project CFO Leadership Network; Non-executive director of FCC Aqualia; Non-executive Director of the Supervisory Board of Evos.

Scott joined the Infinis Board on 10 May 2017. He holds a number of Non-executive Director positions in the UK and Europe. He was formerly Group Finance Director of Anglian Water Group (AWG) and Managing Director of its non-regulated business. Prior to AWG, he spent most of his career with Shell.

Richard Lewis
Non-executive Director

Committee membership R A

Appointed to the Board:
Infinis Energy Management Limited – 1 September 2019

Other key appointments
Director of the energy hedge fund, Nanook.

Richard joined the Infinis Board on 1 September 2019. He has 25 years of experience in the energy industry, specialising in trading, investing and origination in the power, gas, fuels, biofuels and renewables sectors. He held senior roles at RWE, Barclays and Enron and is currently a director of the energy hedge fund, Nanook.

CORPORATE GOVERNANCE STATEMENT

THE INFINIS GROUP'S CORPORATE GOVERNANCE STRUCTURE IS SET BY THE BOARD OF DIRECTORS OF INFINIS ENERGY MANAGEMENT LIMITED

Governance structure
The Board of Directors (the 'Governing Board') of Infinis Energy Management Limited (the 'Governing Company'), the Company's wholly-owned subsidiary, is responsible for establishing, overseeing and managing the broad goals and strategies and the corporate governance structure of the Infinis Group. These governance arrangements are formalised in the Corporate Governance Policy approved by the Governing Board.

The operating subsidiaries of the Infinis Group are owned by the Governing Company. The Directors are responsible for implementing the Group's strategy and business plans and have delegated the oversight of the day-to-day management of the Infinis Group to the Executive Committee.

The Infinis Group maintains an active dialogue with its Shareholder, through direct engagement by the Executive Directors, the Shareholder Directors and the Non-executive Directors. The Shareholder Directors have weighted voting rights and de facto control of the Boards of the Company and the Governing Company.

The Governing Board believes that effective corporate governance is a key feature of prudent business practice. The Governing Company is committed to achieving high and relevant standards of corporate governance and to comply with the Walker Guidelines for Disclosure and Transparency in Private Equity.

Set out below are further details of the main governance structures of the Infinis Group and key terms of the Corporate Governance Policy. Details of directorships and committee memberships set out below are as at the date of this report.

Board composition
Biographies and other details of the members of the Company Board and the Governing Board can be found on pages 37 and 38.

The Company Board comprises the three Executive Directors (Shane Pickering, Chief Executive Officer; Keith Reid, Chief Financial Officer (appointed 25 April 2019); and James Milne, Commercial Director) and one Shareholder Director (Tim Short). The Governing Board comprises the three Executive Directors, the two Shareholder Directors (Matthew Edwards (appointed 25 February 2020) and Tim Short), the Non-executive Director and Chairman (Tony Cocker), and two Non-executive Directors (Richard Lewis (appointed 1 September 2019); Scott Longhurst).

Board meetings
The Governing Board meets regularly, generally on a monthly basis, with other meetings being convened where circumstances require. In FY20 the Governing Board held ten meetings.

Board procedure
The Governing Board conducts a regular review of business issues and key performance metrics in a timely and structured way to enable the Company's and the Governing Company's Directors to discharge their responsibilities in accordance with the strategic and business plans of the Infinis Group, provide leadership to the Infinis Group within a framework of prudent and effective controls, and assess and manage risk.

The Directors of the Infinis Group take decisions for the long-term and aim to uphold the highest standards of conduct. The Directors recognise the importance of understanding and respecting the views and needs of our customers, employees, the communities in which we operate, our suppliers and our shareholder to the success of our business.

An agenda and briefing pack are prepared for all Governing Board meetings, which includes routine business items for monthly scheduled meetings, including health and safety, financial and operational performance, a review of commercial activities and an overview of operations and development opportunities. All members of the Governing Board receive sufficient information in a timely manner on agenda items, whether or not they are able to attend, and minutes are prepared and approved as an accurate record of proceedings. This ensures a regular update to the Governing Board on all key matters and enables Board members to discharge their duties. Regular updates on risk management are also given to the Governing Board by the Executive Directors.

The agreed principles of corporate governance applicable to the Infinis Group are set out in the Corporate Governance Policy and record the overarching internal policies by which the Infinis Group should operate, without restricting the legal independence of any Group Company and whilst ensuring that key policy and strategic decisions relating to the Infinis Group are made by the Governing Board. The agreed principles include terms of reference for committees of the Governing Board. The Governing Board's formal schedule of delegated authorities sets out the financial authorities delegated to its committees, the Chief Executive Officer and other directors, officers and employees (the 'Delegated Authorities'). The Delegated Authorities are reviewed annually. Matters which must be brought to the Governing Board for approval in accordance with the Delegated Authorities include, but are not limited to, strategy, the annual business plan, the Infinis Group budget, power trading strategy, all acquisitions and disposals and any proposed change to the capital structure.

The Company maintains appropriate directors' and officers' liability insurance.

Board committees
The Governing Board has established the Executive Committee, Audit Committee and Remuneration Committee, each of which operates under clearly defined terms of reference and in accordance with the Delegated Authorities.

No one other than the committee chairman and members is entitled to be present at a committee meeting and vote on matters. The chairman may request others to attend by invitation as referred to below.

The Executive Committee
The Executive Committee comprises the three Executive Directors. In FY20 there were 12 meetings of the Executive Committee.

This Committee exercises the day-to-day management of the Infinis Group in accordance with the authorities delegated to it by the Governing Board.

Audit Committee
The Audit Committee comprises the Shareholder Directors and the Non-executive Directors. In addition, the Group Governance Policy provides that the Executive Directors may be invited to attend meetings but may not vote. In FY20 there were three meetings of the Audit Committee.

The Audit Committee is responsible for ensuring that internal and external audit processes are carried out in the best interests of the Infinis Group's shareholder, creditors, employees and customers. In assisting the Governing Board to fulfil its duties, specific duties and responsibilities of the Committee include:

- overseeing the Group's relationship with the external auditors;
- agreeing the nature and scope of the audit and reviewing the audit plan;
- advising the Governing Board regarding the appointment and re-appointment of the external auditors of the Company and Group Companies;
- recommending to the Governing Board the remuneration and terms of engagement of the external auditors of the Company and Group Companies;
- reviewing with the Governing Company's, and any Group Company's, external auditor, the interim (if any) and the annual financial statements of the Group before submission to the Governing Board;
- discussing audit findings with the external auditors, including any major issues or reservations which arose during the course of the audit and their resolution, and recommendations made to management by the auditors and management's response;
- deciding on the implementation of the Group's internal audit programme, ensuring coordination between the internal and external auditor and ensuring that the internal audit function is adequately resourced;
- recommending to the Governing Board appropriate policies of risk and internal control and ensuring that the implementation of such policies is formulated, operated and monitored. Such policies shall help to ensure the quality of internal and external reporting and adoption of suitable risk control measures, and shall specifically include a review by the Committee of the Chief Financial Officer's report on risks affecting the Group (which the Chief Financial Officer shall make no less frequently than once in each year); and
- considering other topics relating to the audit of the financial systems or records of the Group as determined by any member of the Committee.

Since the year end, the Committee met on 30 June 2020 and 27 July 2020 to consider the consolidated report and accounts of the Company and of the Governing Company with focus on: the key financial judgments therein; sensitivities regarding those key judgments; whether the report as a whole was fair, balanced and understandable; and the auditor's report to the Committee which included a discussion on the control environment. The final form of the report and accounts of the Group and Company was approved by the Directors on 27 July 2020.

Remuneration Committee
The Remuneration Committee comprises the Shareholder Directors and the Non-executive Directors. The Corporate Governance Policy provides that the Chief Executive Officer shall have the right to attend but not vote at meetings of the Remuneration Committee. The Committee meets at least once a year and at such other times as the Governing Board requires. In FY20 the Committee met eight times.

The Remuneration Committee's specific duties and responsibilities include discretions or authorities in respect of:

- the organisational structure of the Governing Company and any Group Company and the Group as a whole;
- the appointment and termination of any Executive Director and senior management team members of any Group Company and terms and conditions of appointment or employment;
- any policies and terms and conditions of employment of any employees of the Governing Company or senior management team member of any Group Company;
- any significant changes to the role of any Executive Director or senior management team member;
- any recommendation from the Executives in respect of the implementation of material redundancies;
- the remuneration and benefits of any Executive Director or senior management team members; and
- approval of annual salary increases, bonuses and incentive programmes and overall bonus levels for all staff.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The following table sets out the total number of meetings held in the year of the Company Board, the Governing Board and its Committees to 31 March 2020 and the Directors' attendance at the meetings they were entitled to attend.

	Company	Governing Company	Executive Committee	Audit Committee	Remuneration Committee
Tony Cocker	-	10 of 10	-	3 of 3	9 of 9
Matthew Edwards[1]	-	2 of 2	-	1 of 1	1 of 1
Richard Lewis[2]	-	6 of 6	-	1 of 2	5 of 5
Scott Longhurst	-	10 of 10	-	3 of 3	9 of 9
James Milne	3 of 3	9 of 10	10 of 12	-	-
Shane Pickering	2 of 3	10 of 10	12 of 12	-	-
Keith Reid[3]	3 of 3	10 of 10	12 of 12	-	-
Daniel Schulenburg[4]	-	4 of 5	-	1 of 1	4 of 4
Tim Short	3 of 3	10 of 10	-	3 of 3	8 of 9
Oscar Tylegard[5]	-	0 of 1	-	0 of 0	0 of 0

1 Appointed as Director of the Governing Company on 25 February 2020
2 Appointed as Director of the Governing Company on 1 September 2019
3 Appointed as Director of the Company on 25 April 2019 and of the Governing Company on 26 March 2019
4 Resigned as a Director of the Governing Company on 27 September 2019
5 Resigned as Director of the Governing Company on 28 May 2019

Internal control and risk management

The Governing Board understands its responsibilities to present a fair, balanced and understandable assessment of the Group's position and prospects and to provide the information necessary for the shareholder to assess the Group's performance, business model and strategy.

The Group's approach to risk management is set out in further detail in the risk management section on pages 19 and 20.

The Group's risk management and internal controls processes are designed to ensure that the risks associated with conducting our business activities are effectively controlled in line with the Group's risk appetite. We believe the processes provide reasonable, but not absolute, assurance against material misstatement or loss.

The Governing Board, through the Audit Committee, has reviewed the assessment of risks and the risk management process, and has considered the effectiveness of the system of internal controls for the year and up to the date of approval of this report by the Governing Board. There are established procedures and controls in place to identify entities whose results must be consolidated with the Group's results.

We believe that the process followed by the Governing Board in reviewing the system of internal controls reflects the Governing Board's responsibility for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Governing Board provides oversight to help ensure that the Group maintains sound risk management and internal control systems. The Group's system of risk management and internal control has operated throughout the year, with the benefit of an independent review and input into system refinements as further explained in the risk management section and continues to operate up to the date of approval of this annual report.

DIRECTORS' REPORT

Keith Reid
Chief Financial Officer

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2020.

Strategic report
The Companies Act 2006 requires the Directors to present a fair, balanced and understandable perspective of the Company's and Group's business during the year ended 31 March 2020 and of the position of the Group at the end of the financial year, together with a description of the principal risks and uncertainties facing the Group.

The Directors' business review is set out as part of the strategic report which can be found on pages 3 to 36.

Corporate governance statement
A corporate governance statement can be found on pages 39 to 41 and is incorporated into the Directors' report by reference.

Private equity ownership
The Company heads a group of companies (the 'Infinis Group') and was incorporated in October 2016 with its subsidiary, Infinis Energy Management Limited, by 3i Infrastructure plc (3iN).

3iN, part of 3i Group, is an economic infrastructure business which invests for the long-term of between 20 and 30 years in utilities, energy, transport and communications and is listed on the London Stock Exchange.

Going concern
The Group and Company statements of financial position, which can be found on page 53 and 77, respectively, both reflect a positive equity position.

The Company generated a loss in the year of £2.0m due to tax charges as a consequence of restrictions on interest deductibility. The Company has net current liabilities at 31 March 2020 due to shareholder loan interest which is paid at the Company's discretion using cash received from cross-guaranteed subsidiaries. Shareholder loan interest is presented as a current liability as the Company forecasts to pay the shareholder loan interest outstanding at 31 March 2020 in the next twelve months using cash remitted from subsidiary companies. To the extent the cash available to pay the shareholder loan interest is not available, the interest would not be paid and would continue to accrue.

The Group generated a loss in the year of £16.2m. Included within this number are £67.1m of non-cash expenses relating to impairment, amortisation and depreciation. Adjusting for this the reported performance for the year was a £50.9m profit. Net cash from operating activities was £87.7m with a high level of closing cash and notable closing and projected covenant headroom on senior secured debt.

The FY21 budget projects a similar level of closing cash and projected covenant headroom. The risk of COVID-19 is outlined throughout this report and in particular the more material risks are included within the corporate risk register on pages 21 to 24 together with the appropriate mitigating actions and controls in place to manage these.

A number of stress tests have been completed (as outlined on page 23) and under all of those scenarios the Company remains in compliance with its bank facility through to the end of its term in August 2023. The Directors consider this to be an appropriate and robust going concern assessment process, the results of which were reviewed and approved by the Audit Committee.

Reflecting this, and having made enquiries, the Directors consider that the Group and parent Company have adequate resources to continue in operation for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the consolidated and individual financial statements of the Company.

Financial risk management
Details of financial instruments and the Group's approach to capital management and financial risk are provided in note 20 on pages 72 to 74 to the accounts.

Directors
Biographical details of the Directors of the Company and of the Governing Company currently serving on the Boards and their dates of appointment are set out on pages 37 to 38.

A summary of all Directors who served in the year is set out in the Corporate Governance report on page 41.

Results and dividends
The results for the year ended 31 March 2020 are set out on page 51 to 54. No dividend was proposed or paid for the year ended 31 March 2020 (FY19: nil).

Employee involvement
Details of the Company's policies on employment, training, career development and promotion of disabled persons, and a statement on employee involvement in the financial year, are set out on page 31.

Stakeholder engagement and key decisions
Details of the key decisions and discussions of the Governing Board during the year and the main stakeholder inputs into those decisions are set out in the Strategic report.

Section 172 of (s172) the Companies Act
Disclosures relating to s172 of the Companies Act came into force on 1 January 2019 requiring the Directors to identify the issues, factors and stakeholders they consider relevant to comply with their duty to have regard to stakeholders.

This consideration of our stakeholders is reflected in our values. The Governing Board considers the effect of s172 in all of its decisions and the impact on any of the specified groups. The Governing Board considers the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, environment and the Group's reputation, when making decisions. The Governing Board, acting fairly between members, and acting in good faith, considers what is most likely to promote the success of the Group for its shareholders in the long-term. Further information in relation to the specific considerations of the Governing Board are set out below:

	Consideration	Further information
A	Likely consequences of any decision in the long-term	Pages 3-36
B	Interests of the Company's employees	Pages 31
C	Need to foster the Company's business relationships with suppliers, customers and others	Pages 36
D	Impact of the Company's operations on the community and the environment	Pages 33
E	Desirability of the Company maintaining a reputation for high standards of business conduct	Pages 3-36
F	Need to act fairly as between members of the Company	Pages 30-36

Policy and practice on payment of creditors
Infinis' payment policy and practices are outlined on page 36.

Political and charitable donations
No political donations were made during the year. The Infinis Group made charitable donations of £10,000 (FY19: £35,000) during the year.

Significant agreements
The Infinis Group has several contractual relationships with customers, operational counterparties and banks which are essential to our business and with whom we work proactively.

(i) Customers
The Infinis Group has a relatively small customer base, the majority of which consists of utilities with investment grade ratings. Contracts are for the delivery of power for a season (six months) with a minimum and maximum threshold for exported MWhs.

(ii) Operational counterparties
Our primary operational counterparties for the CLM business are the waste companies or local authorities with whom we work, most notably FCC Environment (formerly WRG), Veolia, Biffa and Viridor.

The business also operates under licenses from the Oil and Gas Authority for extraction of methane in the CMM business.

(iii) Banks
The Governing Company has a total financing facility of £288,300,000 which is provided by a syndicate of financial institutions.

Directors' indemnities
During the financial year the Governing Company has agreed to indemnify past and present Directors in accordance with and subject to the terms of the Corporate Governance Policy for the Infinis Group, against liability and all expenses reasonably incurred or paid by them in connection with any claim, action suit or proceeding in which they become involved in the performance of their duties as a Director and against amounts paid or incurred by them. These are qualifying third party indemnity provisions for the purposes of section 234 of the Companies Act 2006 and are in place at the date of approval of the Directors' report.

The Company has also arranged directors' and officers' liability insurance.

Auditors
The auditors, PricewaterhouseCoopers LLP (PwC), have indicated their willingness to continue in office and, pursuant to section 487 of the Companies Act 2006, PwC are deemed to be reappointed as auditors and will therefore continue in office.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Other information
The Directors' report of the Company for the year ended 31 March 2020 comprises these pages and the sections of the annual report referred to under the corporate governance report and other information above which are incorporated into the Directors' report by reference.

The Directors' report was approved by the Governing Board on 27 July 2020. By order of the Board

Keith Reid
Director

STATEMENT OF DIRECTORS' RESPONSBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

In the case of each director in office at the date the Directors' Report is approved:

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INFINIS ENERGY GROUP HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Infinis Energy Group Holdings Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2020 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2020 (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 March 2020; the Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview

- Overall Group materiality: £2.0 million (2019: £1.9 million), based on 2.5% of EBITDA.
- Overall Company materiality: £1.8 million (2019: £1.8 million), based on 1% of total assets and capped for component materiality.

- The Group financial statements are a consolidation of a number of reporting companies comprising of the Group's operating businesses, centralised functions and non-trading Group companies.
- We performed full scope audits of all significant UK companies within the Group.
- This included the audit of centralised functions including those covering corporate taxation, goodwill and intangible asset impairment assessments.
- The components on which audits of the complete financial information and centralised work was performed accounted for 100% of Group revenue and 100% of EBITDA.

The key audit matters are:

- Impairment of goodwill, CLM and CMM gas rights and other intangible assets
- Valuation of recycle ROC's
- Going concern and impairment consideration relating to Coronavirus (COVID-19)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INFINIS ENERGY GROUP HOLDINGS LIMITED CONTINUED

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill, CLM and CMM gas rights and other intangible assets The value of the intangible assets are material to the financial statements and the carrying value of the intangible assets rely on significant management judgements and estimates in considering whether the carrying value of those assets or cash generating units are recoverable. Determining the recoverable amount involves significant estimation including: — forecasting future cash flows; — forecasting future generation profiles; — forecasting future commodity prices; — estimating gas reserves; and — determining an appropriate discount rate. As disclosed in note 12 the total book value of intangible assets is £361.3 million and following management's impairment testing a total impairment of £9.6 million was recorded against the CMM gas rights. We note that the Group's impairment test are particularly sensitive to future commodity price assumptions and discount rates, as shown by the sensitivities disclosed in note 12.	— In relation to audit of the goodwill impairment, we evaluated and challenged the Directors' assumptions and estimates used to determine the recoverable value of the goodwill, CLM and CMM gas rights and other intangible assets. — This included assessing management's experts with regard to gas volume data and short and long-term pricing assumptions. We tested these assumptions by reference to third party documentation where available, such as power price forecasts and inquiry with operational management. — We used PwC valuation specialists to help us assess the reasonableness of the price curves and discount rates used by management. The output of the impairment review is sensitive to the assumptions. — We tested and challenged the disclosed sensitivities to ensure appropriate judgement had been applied. We performed further sensitivities around key drivers of cash flow forecasts, including output volumes, power prices, operating costs and expected life of assets. In addition, we reviewed and challenged the Group's disclosures about the sensitivities of the impairment assessment. — Based on our analysis we did not identify any material issues with the impairment conclusions and the valuation of the goodwill, CLM and CMM gas rights and other intangible assets.
Valuation of recycle ROC's The value of the recycled ROC revenue (as disclosed in note 6) relies on judgements and assumptions. This includes a number of factors (some of which are unknown at the time of estimating the price), including expected electricity demand, targets set for renewable generation in the UK and estimates of the actual amount of renewable energy generated in the year	— We have assessed and challenged management's methodology to estimate the ROC recycle price, including the expected electricity demand, targets set for renewable generation in the UK and estimates of the actual amount of renewable energy generated in the year. — We have considered the accuracy of management's historical forecasting in this area. — We have reviewed and challenged the disclosure in relation to the ROC recycle revenue in the annual report and accounts and whether a disclosure of the sensitivity would be material. — Using both internal and external sources of data, we consider that management have been able to determine a reasonable estimate of the ROC recycle value.
Going concern and impairment consideration relating to Coronavirus Towards the end of the financial year, the impact of COVID-19 became significant for the UK and global economy. As a result, management (including the Board and Audit Committee) have invested time to fully consider the implications on the Company and Group. Management considered implications for the Company and Group's going concern assessment, impairment of certain assets and appropriate disclosure in the Annual Report and Accounts. The assessment included: — Assessing future compliance with bank facilities: — Preparation and review of cash flow projections for at least 12 months from the date of approval of the accounts; — Assessing future compliance with the interest repayments and financial covenants; — A number of stress tests; and — Assessment against post year end trading. Management have also considered the impact of COVID-19 on the impairment assessment and on the key assumptions and judgements described in the key audit matter in relation to impairment of goodwill, CLM and CMM gas rights and other intangible assets included above.	— We reviewed management's stress test scenarios including considering a severe but plausible scenario to demonstrate the financial resilience of the Group. We have considered levers available to management to mitigate the impacts of downside scenarios. Based on the information available at the time of the directors' approval of the financial statements and us signing our audit opinion, we consider the scenarios to be reasonable. — We challenged management on the key assumptions included in the scenarios and confirmed management's mitigating actions are within their control. — We considered the potential impact on the balance sheet, specifically around goodwill, intangibles and do not consider there to be any indicators of further material impairment as at the balance sheet date or subsequently (for disclosure only). We reviewed management's disclosures in relation to the Coronavirus impact and found them to be consistent with the stress test scenarios performed. Our reporting on going concern is set out below.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£2 million (2019: £1.9 million).	£1.8 million (2019: £1.8 million).
How we determined it	2.5% of EBITDA.	1% of total assets and capped for component materiality
Rationale for benchmark applied	EBITDA is the primary measure used by the shareholders in assessing the performance of the Group.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INFINIS ENERGY GROUP HOLDINGS LIMITED CONTINUED

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1,000 and £1.8 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £100,000 (Group audit) (2019: £96,000) and £90,000 (Company audit) (2019: £91,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 45, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Andrew Lyon
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
27 July 2020

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Business performance £'000	Significant one-off items (note 7) £'000	**2020 Total £'000**	Business performance £'000	Significant one-off items (note 7) £'000	**2019 Total £'000**
Revenue	6	160,946	-	160,946	163,982	-	163,982
Cost of sales		(97,671)	(3,504)	(101,175)	(98,775)	-	(98,775)
Gross profit		**63,275**	**(3,504)**	**59,771**	**65,207**	**-**	**65,207**
Administrative expenses		(35,973)	(11,353)	(47,326)	(36,078)	(3,933)	(40,011)
EBITDA		**76,699**	**4,833**	**81,532**	**78,251**	**-**	**78,251**
Operating exceptional items	7b	-	(1,964)	(1,964)	-	(3,933)	(3,933)
Depreciation of property, plant and equipment	7a	(27,970)	-	(27,970)	(26,471)	-	(26,471)
Amortisation of intangible fixed assets	7a	(21,427)	-	(21,427)	(22,651)	-	(22,651)
Impairment of property, plant and equipment and intangible assets	7a	-	(17,726)	(17,726)	-	-	-
Other gains	7c	-	-	-	-	3,003	3,003
Operating profit		**27,302**	**(14,857)**	**12,445**	**29,129**	**(930)**	**28,199**
Finance costs	9			(29,718)			(35,882)
Finance income	9			254			1,844
Net finance costs (FY19: including net exceptional finance costs of £3,276,000)				**(29,464)**			**(34,038)**
Loss before income tax				**(17,019)**			**(5,839)**
Income tax	10			852			(884)
Loss for the year				**(16,167)**			**(6,723)**

The notes on pages 55 to 76 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
Loss for the year	**(16,167)**	**(6,723)**
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to the profit or loss:		
Recycling of discontinued cash flow hedges	-	(1,565)
Amounts recycled to profit and loss	990	655
Fair value movement on cash flow hedges	(4,394)	(4,508)
Tax on movement in cash flow hedges	613	1,002
Remeasurement of defined benefit liability	81	12
Total comprehensive expense for the year	**(18,877)**	**(11,127)**

The notes on pages 55 to 76 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
At 31 March 2018	**35,000**	**2,182**	**7,890**	**45,072**
Loss for the year	–	–	(6,723)	(6,723)
Recycling of discontinued cash flow hedges	–	(1,565)	–	(1,565)
Amounts recycled to profit and loss	–	655	–	655
Fair value movement on cash flow hedges	–	(4,508)	–	(4,508)
Tax on movement in cash flow hedges	–	1,002	–	1,002
Remeasurement of defined benefit liability	–	–	12	12
Total comprehensive expense	**–**	**(4,416)**	**(6,711)**	**(11,127)**
At 31 March 2019	**35,000**	**(2,234)**	**1,179**	**33,945**
Loss for the year	-	-	(16,167)	(16,167)
Amounts recycled to profit and loss	-	990	-	990
Fair value movement on cash flow hedges	-	(4,394)	-	(4,394)
Tax on movement in cash flow hedges	-	613	-	613
Remeasurement of defined benefit liability	-	-	81	81
Total comprehensive expense	**-**	**(2,791)**	**(16,086)**	**(18,877)**
At 31 March 2020	**35,000**	**(5,025)**	**(14,907)**	**15,068**

The notes on pages 55 to 76 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Property, plant and equipment	11	128,667	140,520
Goodwill	12	68,230	68,230
Other intangible assets	12	293,030	324,101
		489,927	**532,851**
Current assets			
Inventories	13	2,393	4,788
Trade and other receivables	14	38,882	51,737
Cash and cash equivalents		37,902	45,640
		79,177	**102,165**
Total assets		**569,104**	**635,016**
Current liabilities			
Interest-bearing loans and borrowings	15	922	39
Trade and other payables	18	37,826	41,237
		38,748	**41,276**
Non-current liabilities			
Interest-bearing loans and borrowings	15	459,950	503,157
Deferred tax	16	37,532	44,335
Provisions	17	9,637	8,811
Derivatives	20	6,129	2,725
Other payables	18	2,040	767
		515,288	**559,795**
Total liabilities		**554,036**	**601,071**
Net assets		**15,068**	**33,945**
Equity			
Share capital	19	35,000	35,000
Hedging reserve		(5,025)	(2,234)
Retained earnings		(14,907)	1,179
Total equity		**15,068**	**33,945**

The financial statements on pages 51 to 76 were approved by the Board of Directors on 27 July 2020 and were signed on its behalf by

K Reid
Director

S S Pickering
Director

Company number: 10432005

The notes on pages 55 to 76 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000 (restated[1])
Cash flow from operating activities		
Loss for the year	(16,167)	(6,723)
Adjustments for:		
Depreciation of tangible fixed assets	27,970	26,471
Amortisation of intangible fixed assets	21,427	22,651
Impairment of property, plant and equipment and intangible fixed assets	17,726	-
Gain on disposal of assets	-	(3,003)
Finance costs	29,718	35,882
Finance income	(254)	(1,844)
Taxation	(852)	884
Operating cash flow before changes in working capital and provisions	**79,568**	**74,318**
Decrease in trade and other receivables	13,473	4,621
Decrease/(increase) in inventories	2,395	(1,994)
Decrease in trade and other payables	(1,747)	(465)
Increase/(decrease) in provisions	226	(215)
Cash generated from operations	**93,915**	**76,265**
Interest paid on leases	(203)	-
Tax paid	(5,986)	(3,069)
Net cash inflow from operating activities	**87,726**	**73,196**
Cash flow from/(used in) investing activities		
Interest received	254	1,846
Proceeds from sale of investments and non current assets	-	5,305
Acquisition of businesses, net of cash acquired	-	(56,218)
Acquisition of property, plant and equipment	(19,939)	(29,691)
Net cash outflow from investing activities	**(19,685)**	**(78,758)**
Cash flow from/(used in) financing activities		
Proceeds from borrowings	-	278,000
Repayment of borrowings	(29,700)	(246,500)
Repayment of shareholder loans	(17,050)	(45,650)
Interest paid on borrowings	(9,763)	(9,090)
Interest paid on shareholder loans	(17,984)	(15,273)
Repayment of debt acquired	-	(21,153)
Principal elements of lease payments (2019: principal elements of finance leases)	(1,282)	(431)
Arrangement fees on new loans	-	(5,984)
Repayment of related party debt at acquisition	-	(46,707)
Net cash used in financing activities	**(75,779)**	**(112,788)**
Net decrease in cash and cash equivalents	**(7,738)**	**(118,350)**
Cash and cash equivalents at the beginning of the year	45,640	163,990
Cash and cash equivalents at the end of the year	**37,902**	**45,640**

[1] the prior year cashflow statement has been restated to present interest paid within cash flows from investing activities (FY19: presented within cash flows from operating activities).

The notes on pages 55 to 76 form part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies

Infinis Energy Group Holdings Limited (the 'Company') is a private company, incorporated and domiciled in the UK.

The Group financial statements consolidate the results of the Company and its subsidiaries (together referred to as the 'Group') for the year ended 31 March 2020. The Company financial statements present information about the Company as a separate entity and not about its Group.

1.1 Basis of preparation and consolidation

The Group financial statements have been prepared and approved by the Directors in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") including interpretations issued by the IFRS interpretations committee. The Company has elected to prepare its Company financial statements in accordance with FRS 101. These are presented on pages 77 to 82. Having made enquiries, the Directors consider that the Company and its subsidiaries have adequate resources to continue in operation for the foreseeable future and it is therefore appropriate to adopt the going concern basis in preparing these financial statements. Further information regarding the Directors assessment of the going concern basis of preparation is set out on page 43.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except where mentioned otherwise. The financial statements are prepared on the historical cost basis except for certain financial instruments which are stated at their fair value. All values are rounded to the nearest thousand (£'000) except where otherwise indicated.

1.2 Alternative Performance Measures ("APM")

The Group presents APMs on the face of the Income Statement that are not defined terms under IFRS. The Directors believe that these APMs provide useful additional information on business performance. These measures are used for internal performance reporting purposes.

EBITDA: earnings before interest, tax, depreciation, amortisation, impairment of non-current assets and exceptional items. EBITDA is included as a key performance measure used by the Group's key stakeholders, including lenders, to evaluate business performance and allow a clear evaluation of performance year-on-year.

To further aid the transparency of the financial performance the Group splits its EBITDA and Operating profit between business performance and significant one-off items, which aggregate to the overall reported results for the year.

Significant one-off items are material items which because of their size and nature, merit separate presentation in the income statement to allow a better understanding of the Group's financial performance. These items are typically one-off in nature and are disclosed within EBITDA if they relate to the core business activity or disclosed within exceptional if they relate to significant non-core, non-recurring items. Impairments of non-current assets is included in significant one-off items.

Exceptional items are income or expenditure including but are not limited to significant reorganisation costs; income / expenditure related to significant restructuring of the organisational design, changes in investment in subsidiaries (including acquisition and disposal of all or part of a shareholding) and capital structure of the Group (including refinancing related costs). Directly related costs to these activities including professional fees, transaction costs and employee related costs are included within exceptional items. Exceptional items are excluded from the calculation of EBITDA.

2. New standards and interpretations

New standard adopted by the group – IFRS 16 Leases

The Group changed its accounting policies as a result the adoption of IFRS 16 on 1 April 2019. The Group elected to use the modified retrospective approach and therefore continues to present comparative information in accordance with IAS 17 Leases. The cumulative effect of initially applying the new standard has been recognised in equity on 1 April 2019. The new accounting policy and the impact of adoption are set out below.

The group leases various offices, equipment and vehicles. Rental Vehicles are typically leased for 3 to 4 years. Offices rental contracts are typically 5 to 10 years in duration.

In prior years, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- payments expected to be made under reasonably certain extension options
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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 following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise substantially IT equipment.

The Group enters into lease-like arrangements with landowners for the long-term right to capture methane and use it as a fuel source for generation of electricity. The legal form of these arrangements is a lease or a licence with an annual rental or royalty payment based on electricity output. The use of the methane as a fuel source in electricity production does not constitute a lease for the purpose of IFRS 16 as the methane itself is not a leased asset.

Impact of adoption

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 5%.

The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The Group recognised right-of-use assets and lease liabilities of £3.8m on 1 April 2019. In the year to 31 March 2020 a depreciation charge of £1.1m and a finance cost of £0.2m was recognised following the adoption of IFRS 16.

Amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform

The Group has elected to early adopt the 'Amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

2. New standards and interpretations continued

In summary, the reliefs provided by the amendments that apply to the Group are:

— When considering the 'highly probable' requirement, the Group has assumed that the GBP LIBOR interest rate on which our hedged debts are based does not change as a result of IBOR reform.
— In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the GBP LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by IBOR reform.
— The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Note 15 provides the required disclosures of the uncertainty arising from IBOR reform for hedging relationships for which the Group has applied the reliefs.

Standards, amendments and interpretations in issue but not yet effective

There are a number of amendments to standards which will be effective in the following year's financial statements, however none of these are expected to have a material impact on the financial reporting of the group.

3. Accounting estimates and judgments

In the process of applying the Group's accounting policies, management makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements. The most critical of these accounting judgments and estimates are explained below.

Accounting estimates

Acquisition accounting

When the Group completes a business combination the date of acquisition is the date at which control of the acquired business passes to the Group. This can involve a degree of judgment. The fair values of the identifiable assets and liabilities acquired, including intangible assets, are recognised at their fair value. The determination of the fair value of acquired assets and liabilities is based, to a considerable extent, on management's judgment. In estimating fair value, particularly in relation to identifiable intangible assets, management is required to estimate the useful economic life of each asset and the future cash flows expected to arise from each asset and apply a suitable discount rate.

Gas rights acquired are initially valued based on the net present value of expected cash flows from electricity generation. A number of assumptions are made in arriving at such a valuation which include price, method and uniformity of gas production, gas availability and methane content. The judgments applied, and the assumptions underpinning them, are considered to be appropriate at the time of valuation.

The carrying value of the intangible assets is disclosed in note 12.

Impairment

In assessing impairment, judgment is required to establish whether there have been any indicators of impairment, either internal or external, for all amortising and depreciating non-current assets. Goodwill is tested annually for impairment.

Where there is the need to determine the recoverable value of an asset, this requires judgments and assumptions similar to those used when performing a valuation of acquired CLM rights and therefore could significantly impact the financial statements. Further details regarding impairment testing can be found in note 12.

ROC Recycle revenue

Revenue includes an estimate for the recycled price of ROCs sold during the financial year. This price is variable and is estimated based on a number of factors including UK electricity demand, targets set for renewable generation in the UK and the actual amount of UK renewable energy generation achieved.

Provision for decommissioning costs

The Group recognises provisions for decommissioning assets and restoring sites at the end of their expected useful life. These provisions are the discounted estimated costs of the work required at the expected date of decommissioning. Significant judgments and estimates are required about both the costs and the expected dates. The Group's estimates are based on limited experience of actual decommissioning to date.

Long-term incentives

The Group operates a cash settled long-term incentive plan for selected senior management and directors. The calculation is based on Total Shareholder Return (TSR) over a three-year period. Each year an accrual is made equating to a third of the expected pay-out. In calculating this accrual, a forecast equity valuation at the end of the scheme is calculated using a discounted cashflow forecast methodology consistent with that used in the impairment review.

Critical judgments

There are no additional material judgments in the financial statements.

4 Significant accounting policies

Business combinations

The Group accounts for business combinations, using the acquisition method when control is obtained by the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill arising is tested immediately for impairment. Any gain on a bargain purchase is recognised in the income statement immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Revenue from contracts with customers

The Group's three main revenue streams are as follows:

i. Traded power

Revenue relating to the sale of electricity produced by baseload power and peaking operations is recognised at the point in time that electricity is exported, i.e. when the customer obtains control. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the supply.

ii. Renewable Obligation Certificates (ROCs)

ROCs are a product related to Government initiatives to encourage investment in renewable energy sources. ROCs are certificates issued where electricity has been sourced from renewable energy sources. Revenue arises from two elements:

- the 'Buy Out' price - the sale of the certificate itself (almost always to the customer purchasing the electricity); and
- the 'Recycle' price - a share of a central fund comprising aggregate penalty payments Ofgem receives from electricity suppliers who did not meet their obligations to obtain supply from renewable sources.

Revenue from ROC Buy Out certificates is recognised as exported. The customer does not receive the certificate until confirmation is received from Ofgem but control relating to the certificates passes from the Group at export and the customer is contractually obliged to accept it.

ROC Recycle revenue is also recognised in line with exported power. Whilst the ROC Recycle is separately identified as a component of revenue it is intrinsically linked to the generation of power and is therefore recognised as it accrues. The obligation of the customer to settle any penalty calculated by Ofgem is contractually and legislatively based. ROC Recycle revenue is recognised to the extent receipt of the associated benefit is probable. The Group considers that ROC Recycle revenue can be estimated reliably given its market knowledge and experience. The final ROC Recycle value is not known until the October following the end of the financial year when Ofgem announce the final associated price. Any difference between the estimate and the final amount will give rise to an 'out of period' variance in the following year.

iii. Other Revenue

Other revenue includes Capacity Market revenue, the sale of Renewable Obligation accreditations/grid connections and embedded benefits such as Triad, Generator Distribution Use of System (GDUoS) and Balancing Services Use of System (BSUoS).

Capacity Market revenue is received for providing available capacity to the National Grid that can be called upon when it is needed. Fixed monthly payments are received for assets entered in to the Capacity Market on a per MW basis. Revenue is recognised at a point in time as the revenue accrues according to the contract.

Triad periods are the three 30-minute time periods with the highest energy demand across the grid between the start of November and the end of February each year. National Grid incentivises high power production during these periods. Prices for the year are announced by National Grid in March and attract a significant income premium. Triad income is recognised once the Triad periods and the associated prices are announced.

GDUoS income is received for generating in the local network and revenue is recognised in line with exported power. BSUoS income is received for the avoidance of charges levied on electricity suppliers who use National Grid to transmit their electricity from one point in the UK to another to fund National Grid's balancing services. Revenue is recognised on delivery in line with recognition of traded power as it is contractual income with the customer.

The sale of site infrastructure may occur when Infinis exits a site. Revenue received in relation to the sale of this is recognised at the point in time that the asset is transferred.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

4 Significant accounting policies continued

Royalty payments

Royalty payments to landowners are recognised in the income statement as they accrue, based on the level of electricity generation at each site and according to specific site agreements.

Finance income and costs

Finance income arises on cash deposits and funds invested and is recognised in the income statement as it accrues, using the effective interest method.

Finance costs are recognised in the income statement as they accrue, using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready for use. Where instruments have been taken out to hedge against interest rate risk, capitalised borrowing costs will reflect the interest rate after taking into account the effect of the hedging instrument.

Costs incurred in raising finance are capitalised and amortised over the length of the borrowing. Additional costs incurred due to the redemption of a facility are charged to the income statement in the year in which they are incurred.

Inventories

Inventory is measured at the lower of cost and net realisable value. Cost is based on average costs and includes expenditure in acquiring the stocks and bringing them to their existing location and condition.

Employee benefits

Pension arrangements

The Group provides pension arrangements for employees and certain Directors who are members of the Aviva Stakeholder or Aviva Group Personal defined contribution schemes. Contributions to these schemes are charged to the income statement as they accrue.

Long-term incentives

The group recognises a provision in respect of long-term incentives as the amount of the future benefit that employees have earned in return for their service in the current and prior periods. Obligations are measured at their present value and included in emolument disclosures when paid.

Tax

Tax expense comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end.

Property, plant and equipment (PP&E)

PP&E is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and attributable borrowing costs during its construction. During the construction phase these assets are held separately with depreciation commencing once the asset is commissioned and ready for use.

Depreciation is charged to the income statement on a straight-line basis, assuming assets have no residual value, over the estimated useful life of the asset.

The cost of replacing an item of PP&E is capitalised if it is probable that the future economic benefits will flow to the Group. The carrying amount of the asset replaced is then de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

PP&E include plant, equipment and gas assets used in running the operating sites. The cost of decommissioning the sites is included within plant and equipment. Engines are subject to overhauls and are depreciated over the period between each overhaul.

The estimated useful lives are as follows:

Plant and equipment	Over the shorter of the minimum lease term of each specific operating site and the expected life of the asset, being 2–20 years
Decommissioning	Over the expected life of the operating site
Engine overhauls	2–4 years

Intangible assets and goodwill

Goodwill on acquisition is initially measured as the excess of the cost of the business combination over the fair value of the net assets acquired.

Goodwill is stated at cost less any accumulated impairment. Goodwill is allocated to the relevant cash generating unit (CGU) of the business and is not amortised but is tested annually for impairment.

Other intangible assets are stated at cost less accumulated amortisation and impairment. Other intangible assets include gas rights, technology and brand. Details of the accounting estimates and judgments made in the valuation of these assets are disclosed in note 3.

Amortisation of intangible assets

Amortisation of gas rights allocates the cost of the asset over its estimated useful life using a profile that reflects the decline in available gas reserves. Technology and brand are amortised on a straight-line basis over five and ten years, respectively.

Impairment

The carrying amounts of the Group's non-current non-financial assets, other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment, based on the judgment techniques explained in note 3. Where an indication of impairment exists on such assets, testing for impairment is undertaken. Any impairment loss is expensed immediately to the income statement. Further details regarding impairment testing can be found in note 12.

Provisions

Provisions are determined by discounting the future expected cash flows at a pre-tax rate that reflects the time value of money. The unwinding of the discount is recognised as a finance cost.

Provisions for the decommissioning of assets and site restoration are recognised where a legal or contractual obligation exists. An equivalent amount of the provision is captured within property, plant and equipment. Given recent experience the Directors consider they have sufficient information to estimate the costs required and timing for decommissioning and restoration on a reasonable basis.

Financial instruments

The classification and subsequent measurement of the Group's financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The group classifies financial assets as either of the following:

- Financial assets held at amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are subsequently measured at amortised cost.
- Financial assets held at fair value through profit and loss: Assets that are held with the purpose of selling the financial asset, or where the assets' cash flows do not represent solely payments of principal and interest, are subsequently measured at fair value and movements are recognised within the profit and loss account.

The group classifies and subsequently measures all financial liabilities at amortised cost, unless they are required to be measured at fair value through profit or loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

4 Significant accounting policies continued

Derivative financial instruments – cash flow hedges
The Group utilises derivative financial instruments in the normal course of business to hedge its exposure to fluctuations in interest rates. The Group adopts a policy of ensuring that it has limited exposure to changes in interest rates on borrowings. The Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives used as cash flow hedges are measured at fair value and changes in the fair value are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same year that the hedged item impacts the income statement.

Investments and other financial assets
Impairment
Financial assets are assessed for impairment using the expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets measured at amortised cost or fair value to other comprehensive income ('FVOCI') will be subject to the impairment provisions of IFRS 9. The Group applies the simplified model to recognise lifetime expected credit losses for its trade receivables and other receivables by making an accounting policy election.

Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, accrued income, cash and cash equivalents, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, they are measured as described below:

(i) Trade and other receivables are carried at original invoice amount less any allowance for uncollectable amounts. An estimate for doubtful debts is made under the expected credit loss model which assesses the expected loss rates based on historical credit losses experienced. Bad debts are written-off in the income statement when identified.

(ii) Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents may include restricted cash balances, which principally relate to the debt service requirements of certain borrowings undertaken by the Group.

(iii) Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(iv) Trade and other payables are carried at cost. Due to their short-term nature, their carrying value approximates their fair value.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the year end, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, discounting is applied.

5.Segmental Information

The Group reports three divisions: Captured Landfill Methane (CLM), Captured Mineral Methane (CMM) and Power Response (PR). Information regarding the results of each operating segment is included below and is reported information provided to the Senior Management Team and the Board for the reportable segments for the year ended 31 March 2020:

£'000	CLM	CMM	PR	2020 Total	CLM	CMM	PR	2019 Total
Revenue	**134,067**	**10,171**	**16,708**	**160,946**	**142,183**	**10,415**	**11,384**	**163,982**
Operating expenses	(54,526)	(3,524)	(12,571)	(70,621)	(59,716)	(3,711)	(9,182)	(72,609)
Operating expenses – significant one-off items	5,451	97	(715)	4,833	-	-	-	-
Gross profit excluding depreciation	**84,992**	**6,744**	**3,422**	**95,158**	**82,467**	**6,704**	**2,202**	**91,373**
Administrative expenses (excluding depreciation, amortisation and impairment)	(11,582)	(1,356)	(688)	(13,626)	(11,154)	(1,482)	(486)	(13,122)
Segment EBITDA	**73,410**	**5,388**	**2,734**	**81,532**	**71,313**	**5,222**	**1,716**	**78,251**
Maintenance capital expenditure	(13,453)	(2,074)	(1,073)	(16,600)	(12,693)	(2,924)	(1,998)	(17,615)
Segment EBITDA after maintenance capital expenditure	**59,957**	**3,314**	**1,661**	**64,932**	**58,620**	**2,298**	**(282)**	**60,636**

Reconciliation to the income statement:

	2020	2019
Segment EBITDA	**81,532**	**78,251**
Amounts not allocated to segments:		
Operating exceptional items	(1,964)	(3,933)
Other gains	-	3,003
Depreciation, amortisation and impairment	(67,123)	(49,122)
Operating profit	**12,445**	**28,199**

Other gains, depreciation, amortisation, impairment, interest income and operating exceptional items are not allocated to segments as this type of activity is driven centrally, and not reported segmentally.

Assets and liabilities are managed centrally and have therefore not been allocated to segments.

6.Contracts with customers

A description of the principal revenue streams is set out in the accounting policies. All revenue is generated in the UK.

The Group recognises all revenue from the transfer of goods and services at a point in time in the following revenue types

Revenue from contracts with customers by type

	2020 £'000	2019 £'000
Traded power	77,817	76,599
Renewable Obligation Certificates	62,615	69,649
Other revenue	20,514	17,734
Total	**160,946**	**163,982**

Renewable Obligation Certificates included recycled ROC income of £7.6m (FY19: £11.5m) and £1.3m related to the prior year following the announcement by Ofgem of the final associated price for the regulated year to March 2019 (FY19: £3.0m recognised related to the prior year).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

7. Expenses

(a) Operating expenses/(income)

Included in operating profit are the following:

	2020 £'000	2019 £'000
Business performance		
Depreciation of property, plant and equipment	26,858	26,471
Depreciation of right of use assets	1,112	-
Amortisation of intangible fixed assets	21,427	22,651
Inventories recognised as an expense	3,779	3,497
Payments to landlords for royalties	24,375	25,862
Significant one-off items		
Refund of site rates relating to prior years	(5,548)	-
Termination of capacity agreements	715	-
Impairment of property, plant and equipment (note 11)	8,082	-
Impairment of intangible assets (note 12)	9,644	-
Operating exceptional items (note 7 (b))	1,964	3,933

Refund of site rates relating to prior years comprise rates refunds received in the year for historical years overpayments.

Termination of capacity agreements are costs incurred where Capacity Market obligations are not expected to be met.

(b) Operating exceptional items

The Group has adjusted for the following exceptional items to provide a measure of its underlying profitability:

	2020 £'000	2019 £'000
Restructuring costs	1,964	–
Acquisition integration and restructuring costs	–	3,261
Acquisition costs	–	672
Total operating exceptional items	**1,964**	**3,933**

Restructuring costs comprise costs incurred during the year ended 31 March 2020 in respect of a significant restructuring of the operating model of the business.

Operating exceptional items in the prior year comprise costs incurred in integrating the acquired Alkane business and acquisition costs related to other M&A activity.

A reconciliation from operating profit (a GAAP measure) to EBITDA (an APM) is presented in the table below:

	2020 £'000	2019 £'000
EBITDA	**81,532**	**78,251**
Operating exceptional items	(1,964)	(3,933)
Depreciation of property, plant and equipment	(27,970)	(26,471)
Amortisation of intangible fixed assets	(21,427)	(22,651)
Impairment of property, plant and equipment and intangible fixed assets	(17,726)	-
Other gains	-	3,003
Operating profit	**12,445**	**28,199**

(c) Other gains

In the year ended 31 March 2019, the Group acquired an investment in Egdon Resources plc as part of its acquisition of the Alkane group. This investment was sold on 13 July 2018 realising a profit, after disposal costs and fees, of £2.8m. The group also realised a £0.2m gain on the sale of land.

(d) Auditors remuneration

	2020 £'000	2019 £'000
Fees payable to the Company's auditors for the audit of the Company and the consolidated financial statements of Infinis Energy Group Holdings Limited	47	43
Audit of the financial statements of subsidiaries	241	264
Other services (including due diligence and tax advice services)	6	168
	294	**475**

8. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2020 number	2019 number (restated)
Operational staff	225	241
Administration and management	72	65
	297	**306**

The aggregate payroll costs of these persons was as follows:

	2020 £'000	2019 £'000
Charged to operating expenses		
Wages and salaries	19,397	16,674
Social security	2,085	1,887
Pension	861	797
	22,343	**19,358**

Included in wages and salaries are amounts paid for termination benefits of £1.7m (FY19: £0.7m) relating to restructuring of the business model (FY19: acquisition and restructuring). These amounts have been charged as operating exceptional costs.

Long Term Incentive Plan (LTIP) charges of £1.2m were incurred in the year ended 31 March 2020 (FY19: £0.8m) and are included in wages and salaries.

Pensions and other post employment benefit plans

The Group operates a number of defined contribution pension schemes on behalf of eligible employees. The total expenses and amounts owed relating to these plans was as follows:

	2020 £'000	2019 £'000
Pension scheme contributions	861	797
Outstanding pension scheme contributions	126	-

The assets of the scheme are held separately from those of the Group in independently administered funds.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

9. Finance costs and income

	2020 £'000	2019 £'000
Finance costs		
Interest on secured loans	9,664	8,953
Interest on shareholder loans	17,960	19,506
Amortisation of arrangement fees	1,685	7,294
Provisions: unwinding of discount	206	129
Interest on lease liabilities	203	-
Total finance costs	**29,718**	**35,882**
Finance income		
Bank and other interest receivable	(254)	(279)
Impact of discontinued cashflow hedges	-	(1,565)
Total finance income	**(254)**	**(1,844)**
Net finance costs	**29,464**	**34,038**

In the year ended 31 March 2019 the Group re-financed its borrowing facility (note 15). Consequently, amortisation of arrangement fees in the prior period included £4.9m of arrangement fees write off and other finance income of £1.6m was recognised on the early redemption of interest rate swap derivatives. Due to the one-off nature of these items they are treated as exceptional.

10. Tax

Recognised in the income statement:

	2020 £'000	2019 £'000
Current tax		
Current year	(5,350)	(3,555)
Adjustments in respect of prior periods	12	592
Total current tax charge	**(5,338)**	**(2,963)**
Deferred tax		
Origination and reversal of temporary differences	7,743	3,465
Adjustments in respect of prior periods	385	(1,386)
Reduction in tax rate	(1,938)	–
Total deferred tax credit	**6,190**	**2,079**
Total tax credit/(charge)	**852**	**(884)**
Reconciliation of effective tax rate		
Loss before tax	(17,019)	(5,839)
Tax credit at the UK corporation tax rate of 19% (2019: 19%)	3,234	1,109
Non-taxable income	62	532
Non-deductible expenses	(915)	(1,731)
Adjustments in respect of prior years	409	(794)
Impact of change in corporation tax rate	(1,938)	–
Total tax credit/(charge)	**852**	**(884)**

11. Property, plant and equipment

	Property Plant & equipment £'000	Right of use assets £'000	Assets under construction £'000	Total £'000
Cost				
At 1 April 2018	**101,828**	**-**	**7,554**	**109,382**
Acquisitions	60,553	-	–	60,553
Additions	292	-	29,691	29,983
Disposals	(50)	-	–	(50)
Transfers	22,766	-	(22,766)	–
At 31 March 2019	**185,389**	**-**	**14,479**	**199,868**
Recognition of IFRS 16 right-of-use assets	–	3,800	–	3,800
At 1 April 2019	**185,389**	**3,800**	**14,479**	**203,668**
Additions	295	358	20,039	20,692
Disposals	–	(389)	–	(389)
Transfers	24,120	–	(24,120)	–
At 31 March 2020	**209,804**	**3,769**	**10,398**	**223,971**
Depreciation and impairment				
At 31 March 2018	**32,877**	**-**	–	**32,877**
Depreciation	26,471	–	–	26,471
At 31 March 2019	**59,348**	**-**	**-**	**59,348**
Depreciation	26,858	1,112	–	27,970
Impairment	7,627	–	455	8,082
Disposals	–	(96)	–	(96)
At 31 March 2020	**93,833**	**1,016**	**455**	**95,304**
Net book value				
At 31 March 2020	**115,971**	**2,753**	**9,943**	**128,667**
At 31 March 2019	**126,041**	**-**	**14,479**	**140,520**

An impairment of £8.1m was recognised in the year ended 31 March 2020 (FY19: nil). The basis of impairment testing is set out in note 12.

Right-of-use assets

Amounts recognised in the balance sheet

	2020 £'000	1 April 2019 £'000
Property	1,286	1,579
Vehicles	1,467	2,221
	2,753	**3,800**

IFRS 16 was adopted by the Group on 1 April 2019. Note 2 sets out the impact of adoption on the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

12. Intangible assets

	Goodwill £'000	CLM and CMM Gas Rights £'000	Other £'000	Total £'000
Cost				
At 31 March 2018	**19,456**	**353,098**	**10,144**	**382,698**
Acquistions	48,774	11,526	4,027	64,327
At 31 March 2019 & 31 March 2020	**68,230**	**364,624**	**14,171**	**447,025**
Accumulated amortisation				
At 31 March 2018	**–**	**30,201**	**1,842**	**32,043**
Amortisation	–	20,670	1,981	22,651
At 31 March 2019	**–**	**50,871**	**3,823**	**54,694**
Amortisation	-	19,447	1,980	21,427
Impairment	-	9,644	-	9,644
At 31 March 2020	**-**	**79,962**	**5,803**	**85,765**
Net book value				
At 31 March 2020	**68,230**	**284,662**	**8,368**	**361,260**
At 31 March 2019	**68,230**	**313,753**	**10,348**	**392,331**

The Group tests the carrying amounts of goodwill annually as described in note 3.

A value in use model is used to determine the recoverable amount of assets subject to impairment testing. The discounted estimated future operating cash flows are compared to the net carrying value of the cash generating unit's (CGUs) assets. The Group's operating segments, as reported internally to management, form the basis of determining the CGU's for the assessment, with allocations required for unallocated costs (e.g. overheads).

Property, plant and equipment are separately tested at an individual asset level when there is an impairment trigger.

Impairment

During the year ended 31 March 2020 the Group recognised an impairment of £9.6m relating to the CMM division. The reduction in baseload power price across FY20 and revised down projections for future years has resulted in a reduction in the discounted cash flows from this division. The operational intensity of the CMM division naturally results in a lower like-for-like gross margin compared to CLM. Added to this, CMM does not currently qualify for Renewable Obligation income meaning that its earnings profile is much more correlated to actual and projected movements in base load power price and embedded benefits.

No impairment has been recognised against the CLM or PR divisions.

Impairment testing

The Group forecasts CGU cash flows to the end of the CGU's useful life. Future cash flows comprise those related to existing core operations and growth opportunities arising from existing spare grid and engine capacity. The post tax discount rate used for each CGU was CLM: 5.5%, CMM: 6.0% and PR: 6.5% (FY19: CLM 5.5%; CMM 6.0%; PR 6.5%).

An impairment loss is recognised if the carrying amount of the single CGU exceeds its recoverable amount, which is equal to the value of the future discounted cash flows. Any impairment losses are recognised in the statement of comprehensive income. Any impairment loss previously recorded in respect of goodwill is not reversed. For all other assets, an impairment loss is reversed only to the extent that the CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The impairment tests for goodwill are based on the FY21 budget and Long Term Plan, modified as appropriate to reflect the latest conditions, and incorporate the following assumptions:

- gas volumes and pricing of exported output are estimated with reference to third party market data;
- operational costs are calculated as a cost per megawatt hour (MWh) to ensure the cost base appropriately flexes up or down on a site by site level based on forecast gas volumes;
- capital expenditure is based on historic maintenance CAPEX averaged over the MWh exported over the historical period. This average is then projected forward in line with the MWh forecast to be exported. Capital expenditure excludes development spend for which there is no corresponding forecast income or expenditure in the projections; and
- the discount rate used is based on Infinis' estimated weighted average cost of capital. The discount rate has been adjusted by specific risk premiums associated with the individual risk profile of each CGU.

The values assigned to the key assumptions represent management's assessment of future trends and were based on both external and internal sources (prospective and historical data). Management has an in-depth understanding of the composition of gas field sites which enables a data driven approach to forecasting gas output. These forecasts are updated on a regular basis. Pricing assumptions are driven by available short-term market information and for the longer-term by industry forecasts and models.

CLM projections are based on a portfolio of 108 sites. The projections in CLM are not sensitive to any site and the portfolio effect mitigates the risk from single sites differing, notably from the projections due to specific site issues which could occur.

The CMM portfolio has largely the same gas exportation and operational characteristics as CLM. Due to a smaller portfolio of 16 sites, the projections in CMM are more dependent on the top 5 sites and site specific factors i.e. early flooding of a major site, could materially impact the projections. This risk is offset by differing gas field characteristic across the portfolio which results in the gas only being extracted when the engines are operating. In the event of engine failure the gas is simply stored and extracted at a later date thus ensuring forecasts are less sensitive to gas volume variances than CLM, where gas is flared in the event of engine failure. With greater export volatility a lower proportion of output is fixed ahead of the season of delivery therefore subjecting the division to shorter term price fluctuations.

PR represents a long-term strategy which aligns with the macro trend of both (i) growing intermittency of UK electricity supply caused by traditional thermal power plants closure which are replaced by renewables in the form of wind and solar; and (ii) the long-term view of increasing electric demand caused by the increased electrification of transport. The projections of the business are based on an increasingly growing demand, which results in gradually increasing short-term peak power prices, over a thirty year period. These projections are based on industry experts and economists macro forecasts and projections for overall power supply together with a specific subset used for the PR market. The near-term performance of the business, while important in delivering shareholder returns, is less of a factor in assessing the carrying value of assets. The deliverability of the forecasts is instead more dependent on the long-term macro electricity supply trends and the forecast development expenditure invested. The Directors continue to work closely with industry experts and remain comfortable that despite the benign market conditions experienced in the last year for PR, the long-term macro trends and forecasts remain largely unaltered, with margins expected to increase due to higher baseload demand from the electrification of heat and transport (see Market review).

Sensitivities

Cash flow projections used for the value in use modelling are by their nature subject to inherent uncertainties:

- the discount rate used is based on a weighted average cost of capital calculation which requires a series of assumptions related to the risk profile of the business, target gearing and market risk; and
- the assumptions related to generation and pricing are subject to risks which are explained in the strategic report. To reflect the risks posed by the current market conditions, a series of sensitivities, outlined below, have been ran against the forecast projections.

COVID-19

The Directors considered the impact on the carrying value of intangible assets of COVID-19. In the short term COVID-19 has impacted electricity demand and therefore resulted in suppressed electricity prices (see Market Review on pages 13 to 15). The impact of lower prices for a longer period of time than has been modelled in assessing the carrying value of group assets has been sensitised and were electricity prices to remain 5% below the base case it would result in an additional impairment of £13.0m in the year.

Other sensitivities

A summary of the other key sensitivities in the model is outlined below:

CGU	CLM	CMM	PR
Increase of 1% of discount rate	Impairment of £2.8m	Additional impairment of £1.0m	Impairment of £4.8m
5% decline in baseload gas volume	Impairment of £6.7m	Additional impairment of £2.0m	N/a
5% decrease in forecast power prices	Impairment of £10.2m	Additional impairment of £2.8m	No impairment
PR margin does not increase in future years	N/a	N/a	Impairment of £88.0m

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

13. Inventories

	2020 £'000	2019 £'000
Parts and spares	1,582	4,112
Lubricants	811	676
	2,393	**4,788**

14. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	1,349	5,892
Accrued income	35,176	43,054
Prepayments	1,575	1,773
Other receivables	164	1,018
Current tax receivable	618	-
	38,882	**51,737**

15. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. Information relating to interest rates and liquidity is included in note 20.

Interest-bearing loans and borrowings:

	2020 £'000	2019 £'000
Non-current		
Secured loans	244,817	272,877
Shareholder loans	213,230	230,280
Lease Liabilities	1,903	-
	459,950	**503,157**
Current		
Lease liabilities (2019: finance lease liabilities)	922	39

Secured loans - Senior debt

On 15 August 2018 Infinis entered a £318.0m banking facility, comprising a £278.0m term loan and £40.0m revolving credit facility.

At 31 March 2020 the term loan outstanding was £248.3m (FY19: £278.0m). During the year ended 31 March 2020 the Group voluntarily repaid £29.7m (FY19: nil) of the term loan. The facility matures on 15 August 2023 and the term loan is repayable at that date.

The carrying value of the loan at 31 March 2020 of £244.8m (FY19: £272.9m) is stated net of unamortised issue costs of £3.5m (FY19: £5.1m). These costs are being amortised to the income statement over the term of the facility.

At 31 March 2020 £208.5m (FY19: £208.5m) of the term loan value attracted interest at a fixed rate of 3.61% using interest rate swaps and £39.8m (FY19: £69.5m) of the loan value is at a variable rate of LIBOR +2.35%.

Shareholder loan

At 31 March 2020 the Group had £213.2m (FY19: £230.3m) of interest-bearing subordinated unsecured loan notes in issue to 3i LFG Holdings Limited, the parent company of its immediate parent company. The loan notes are due for repayment in 2045 and attract interest at a rate of 8%, payable at half yearly intervals and are listed on The International Stock Exchange.

Shareholder payments of £35.2m (FY19: £60.9m) were made in the year, consisting of £18.1m (FY19: £15.3m) interest payments and £17.1m (FY19: £45.7m) principal repayments.

Impact of interest rate benchmark reform

The Group has monitored developments and considered the impact of interest rate benchmark reform, concluding that the primary impact relates to cash flow hedging relationships in which floating interest rates linked to LIBOR on loans are swapped for fixed interest rates. IFRS 9 permits the continuation of hedge accounting even if, in the future, the benchmark interest rate applicable to the hedge may not be separately identifiable.

The Group will continue to apply the amendments until the uncertainty arising from the interest rate benchmark reforms ends and the Group is able to engage with its incumbent lenders to transition to an alternative measure.

16. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2020 £'000	2019 £'000
Liabilities		
Property, plant and equipment	6,308	8,162
Intangible assets	40,599	44,786
Total	**46,907**	**52,948**
Assets		
Losses	(7,657)	(7,354)
Other temporary differences	(1,718)	(1,259)
Total	**(9,375)**	**(8,613)**
Net deferred tax liability	**37,532**	**44,335**

Movement in deferred tax assets and liabilities during the year:

	At beginning of the year £'000	Acquisition of subsidiaries £'000	Recognised in reserves £'000	Temporary differences in the year £'000	Rate change £'000	At end of the year £'000
31 March 2020						
Property, plant and equipment	8,162	-	–	(2,050)	196	6,308
Intangibles	44,786	-	–	(5,910)	1,723	40,599
Losses	(7,354)	-	–	(303)	-	(7,657)
Other temporary differences	(1,259)	-	(613)	135	19	(1,718)
Total	**44,335**	**-**	**(613)**	**(8,128)**	**1,938**	**37,532**
31 March 2019						
Property, plant and equipment	169	5,716	–	2,277	-	8,162
Intangibles	46,313	1,560	–	(3,087)	-	44,786
Losses	-	(6,325)		(1,029)	-	(7,354)
Other temporary differences	279	(296)	(1,002)	(240)	–	(1,259)
Total	**46,761**	**655**	**(1,002)**	**(2,079)**	**-**	**44,335**

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

17. Provision

	Decommissioning provisions £'000	Other provisions £'000	Total £'000
At 1 April 2018	**2,926**	**1,278**	**4,204**
Acquisition of subsidiaries	4,401	–	4,401
Unwinding of discount	129	–	129
Additional provision charged to plant and equipment	292	–	292
Utilisation of provisions	(63)	(37)	(100)
Provisions released	–	(115)	(115)
At 31 March 2019	**7,685**	**1,126**	**8,811**
Unwinding of discount	206	–	206
Additional provision charged to plant and equipment	394	–	394
Additions	134	143	277
Utilisation of provisions	–	(51)	(51)
At 31 March 2020	**8,419**	**1,218**	**9,637**

Decommissioning provisions relate to the restoration of the Group operating sites. As explained in the accounting policies note provisions are calculated at a discounted value of expected future costs.

Other provisions relate primarily to remediation costs and aftercare costs. The remediation costs relate to known issues at various sites and the aftercare costs relate to one site within Infinis (Re-Gen) Limited, a subsidiary of the Group.

All provisions are classified as non-current.

18. Trade and other payables

	2020 £'000	2019 £'000
Amounts due within one year		
Trade payables	2,702	3,921
Accruals and deferred income	28,263	29.861
Amounts payable to a related party	4,318	4,543
Other creditors	2,543	2,599
Current tax liability	-	313
	37,826	**41,237**
Amounts due after one year		
Other payables	**2,040**	767
	2,040	**767**

19. Share capital

Share capital

	Issued share capital 2020 Number	Issued share capital 2019 Number	Aggregate nominal value 2020 £'000	Aggregate nominal value 2019 £'000
Allotted, called up and fully paid				
At 1 April (ordinary shares of £1 each)	35,000,001	35,000,001	35,000	35,000
At 31 March	**35,000,001**	**35,000,001**	**35,000**	**35,000**

20. Financial instruments

Capital management

The Group's policies seek to match long-term assets with long-term finance and to ensure that there is sufficient working capital to meet the Group's commitments as they fall due, comply with the loan covenants and continue to sustain trading. Management monitor actual cash flows against approved cash flow forecasts. The Group continues to be a highly cash generative business that is able to support the financing arrangements that are secured on those individual businesses.

Financial instruments

Financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, interest rate swaps, trade and other payables, amounts payable to related parties and provisions. Financial instruments give rise to credit, liquidity and interest rate risks. Information about these risks and how they are managed is set out below.

(a) Financial risk management – measurement

Financial instruments are classified into the following levels based upon the degree to which fair value is obtainable:
Level 1 – fair values from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – those fair values derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – those fair values derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial instruments is based on observable market data and classified as Level 2. Valuations are performed, discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

For all other financial instruments the carrying amount is deemed to be a reasonable approximation of the fair value as amounts are either repayable on demand or are short-term in nature.

The following table presents the carrying values and the fair values of financial instruments subsequent to initial recognition.

	Carrying value 2020 £'000	Fair value 2020 £'000	Carrying value 2019 £'000	Fair value 2019 £'000
Financial assets				
Financial assets at amortised cost:				
Cash and cash equivalents	37,902	37,902	45,640	45,640
Trade receivables	1,349	1,349	5,892	5,892
Accrued income	35,176	35,176	43,054	43,054
Other receivables	164	164	1,018	1,018
Total financial assets	**74,591**	**74,591**	**95,604**	**95,604**
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	39,866	39,866	41,691	41,691
Interest-bearing loans	458,047	458,047	503,157	503,157
Leases	2,825	2,825	-	-
Provisions	9,637	9,637	8,811	8,811
Financial liabilities at fair value through profit and loss:				
Interest rate swap	6,129	6,129	2,725	2,725
Total financial liabilities	**516,504**	**516,504**	**556,384**	**556,384**

(b) Financial risk management – credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The group holds trade receivables and accrued income at amortised cost, which are therefore subject to the expected credit loss model. While cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was minimal.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

20. Financial instruments continued

To measure the expected credit losses, trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. The accrued income relates to unbilled exported power and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of our customers to settle the receivables.

The closing provision for trade receivables and accrued income as at 31 March 2020 reconciles to the opening provision as follows:

	2020 £'000	2019 £'000
Opening provision at 1 April	129	–
Increase in provision recognised in profit or loss during the year	–	129
Receivables written off during the year as uncollectible	(129)	-
Closing provision at 31 March	**-**	**129**

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments when the debtor is significantly past due. Impairment losses on trade receivables and contract assets are presented within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

	2020 Gross £'000	2020 Expected credit loss £'000	2019 £'000 Gross	2019 £'000 Expected credit loss
Not past due	36,525	–	48,946	–
Past due > 12 months	–	–	129	(129)
	36,525	**-**	**49,075**	**129**

(c) Financial risk management – liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's Treasury policy is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation. The Group finances activities with a combination of external bank facilities, related party borrowings and cash from operating activities. Based on management forecasts, the Group has adequate headroom and will continue to meet liabilities as they fall due.

20. Financial instruments continued

The following are the contractual maturities of financial liabilities and assets (all sterling denominated), including estimated interest payments and excluding the effect of netting agreements:

	Nominal interest rate	Year of maturity	Carrying value £'000	Cash inflows/ (outflows) £'000	In less than one year £'000	Between one and two years £'000	Between two and five years £'000	In more than five years £'000
As at 31 March 2020								
Non-derivative financial liabilities								
Trade payables	–	2020-2021	2,702	(2,702)	(2,702)	–	–	–
Bank loan	2.35% + libor	2023	244,817	(271,431)	(6,822)	(6,803)	(257,806)	–
Leases	5%	2020-2027	2,825	(3,208)	(1,068)	(973)	(820)	(347)
Amounts payable to related parties	8%	2045	217,548	(661,223)	(17,058)	(17,058)	(51,175)	(575,932)
Total			**467,892**	**(938,564)**	**(27,650)**	**(24,834)**	**(309,801)**	**(576,279)**
Derivative financial liabilities								
Derivatives	1.26%	2023	6,129	(6,150)	(1,822)	(1,822)	(2,506)	-
Total			**6,129**	**(6,150)**	**(1,822)**	**(1,822)**	**(2,506)**	**-**
As at 31 March 2019								
Non-derivative financial liabilities								
Trade payables	–	2019–2020	3,921	(3,921)	(3,921)	–	–	–
Bank loan	2.35%+libor	2023	272,877	(318,853)	(8,930)	(9,458)	(300,465)	–
Finance Lease	10%	2020	39	(39)	(39)	–	–	–
Amounts payable to related parties	8%	2045	234,623	(732,226)	(18,422)	(18,422)	(55,267)	(640,115)
Total			**511,460**	**(1,055,039)**	**(31,312)**	**(27,880)**	**(355,732)**	**(640,115)**
Derivative financial liabilities								
Derivatives	1.26%	2023	2,725	(2,788)	(899)	(840)	(1,049)	–
Total			**2,725**	**(2,788)**	**(899)**	**(840)**	**(1,049)**	**–**

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments.

Market risk – interest rate risk

The Group adopts a policy of limiting exposure to changes in interest rates on borrowings. The Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk. At 31 March 2020 84% (FY19: 75%) of the Group's term loan is subject to an interest rate swap.

A hedge is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. Ineffectiveness may occur due to:

- any fair value adjustments on the interest rate swaps which is not matched by the loan;
- changes in critical terms between the interest rate swaps and loans; and
- the effects of the forthcoming reforms to GBP LIBOR, because these might take effect at a different time or have a different impact on the hedged item and the hedging instrument.

Profit or loss is sensitive to higher/lower interest costs from changes in interest rates as a result of the element of the Group's term loan that is not hedged. The impact of an increase/decrease in interest rates of 1% is a decrease/increase in the Group's profit before tax of £0.4m (FY19: £0.7m).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

21. Operating leases and commitments

Operating leases

Non-cancellable operating lease rentals measured under IAS 17 for the Group are payable as follows:

	2019 £'000
Less than one year	1,159
Between one and five years	2,575
More than five years	540
	4,274

Leases

Measurement of lease liabilities under IFRS 16

	2020 £'000
Operating lease commitments at 31 March 2019	4,274
Effect of discounting	(554)
Other adjustments	80
Lease liabilities at 1 April 2019	**3,800**

	2020 £'000
Current	922
Non-current	1,903
Lease liabilities at 31 March	**2,825**

Capital commitments

During the year, the Group entered into various contracts relating to the purchase of capital equipment:

	2020 £'000	2019 £'000
Capital commitments contracted but not provided for	1,012	1,724
	1,012	**1,724**

The Group has other commitments that are outside the scope of IAS 17 and IFRS 16 relating to site access. These commitments have a duration of between 12 months and 22 years and are a mix of fixed and variable rentals. The cash outflows in the year were £1.0m (FY19: £1.5m).

22. Related parties

(a) Transactions with key management personnel

Key management personnel comprise the Directors of the Company and the Directors of the Governing Company.

Directors' shareholdings

None of the Directors had an interest in the shares of the Company.

Remuneration

The key management personnel of the Group are considered to be the Directors of the Company and the Directors of the Governing Board. Their remuneration was as follows:

	2020 £'000	2019 £'000
Short-term employee benefits (including employer national insurance)	**1,704**	1,213
Post-employment benefits	**50**	43
Termination benefits	**-**	176
	1,754	**1,432**

22. Related parties continued

The aggregate of emoluments and amounts receivable under long-term incentive schemes and post employment benefits of the highest paid Director of the Group were as follows:

	2020 £'000	2019 £'000
Aggregate emoluments	**630**	498
Post employment benefits	**27**	25

(b) Other related party transactions

3i Infrastructure plc (3iN), a company incorporated in the Channel Islands, is the Company's ultimate parent company. 3iN therefore has the ability to exercise a controlling influence through its shareholding in each of the wholly-owned subsidiaries (the '3i Holding Companies') through which it owns the entire issued share capital of the Company. The Directors therefore consider 3iN and each of the 3i Holding Companies to be related parties.

Related party transactions occurring during the year and balances outstanding at the year end are as follows:

	Value of transactions 2020 £'000	Value of transactions 2019 £'000	Outstanding (payable)/ receivable 2020 £'000	Outstanding (payable)/ receivable 2019 £'000
3i Infrastructure PLC (FY19: 3i LFG Holdings Limited[1])	(35,235)	(60,923)	(217,548)	(234,823)
	(35,235)	**(60,923)**	**(217,548)**	**(234,834)**

[1] 3i LFG Holdings Limited transferred its holding in 3i LFG Topco Limited to 3i Infrastructure plc during FY20. The loan notes outstanding to 3i LFG Holdings Limited were transferred to 3i Infrastructure plc.

Transactions for the year comprise repaid loan notes together with associated interest. There were no other transactions between the Company and either 3iN or any of the 3i Holding Companies during the year, there were no other balances outstanding between the Company and either 3iN or any of the 3i Holding Companies at the year end.

In the year ended 31 March 2020 the Company repaid loan notes totalling £17.1m (FY19: £45.7m). The Company paid interest of £18.1m (FY19: £15.3m).

23. Ultimate parent company and parent company of larger Group

3i LFG Topco Limited, a company registered in the Channel Islands, is the Company's immediate parent and sole shareholder. The ultimate parent and controlling entity is 3i Infrastructure plc, a company registered in the Channel Islands.

Infinis Energy Group Holdings Limited is the largest and smallest group for which consolidated financial statements are prepared of which the Company is a member.

24. Subsequent events

There were no subsequent events.

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Investments	26	248,230	265,280
		248,230	**265,280**
Current assets			
Trade and other receivables	27	4,158	4,342
Cash and cash equivalents		44	100
		4,202	**4,442**
Total assets		**252,432**	**269,722**
Non-current liabilities			
Trade and other payables	28	213,230	230,280
		213,230	**230,280**
Current liabilities			
Trade and other payables	28	7,884	6,133
		7,884	**6,133**
Total liabilities		**221,114**	**236,413**
Net assets		**31,318**	**33,309**
Equity			
Called up share capital	29	35,000	35,000
Retained earnings		(3,682)	(1,691)
Total equity		**31,318**	**33,309**

The Company reported a loss of £1,991,000 for the year ended 31 March 2020 (2019: £1,633,000 loss). The financial statements were approved by the Board of Directors on 27 July 2020 and were signed on its behalf by:

K Reid
Director

S S Pickering
Director

Company number: 10432005

The notes on pages 79 to 82 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	**35,000**	**(58)**	**34,942**
Loss for the year	–	(1,633)	(1,633)
Total comprehensive income	**–**	**(1,633)**	**(1,633)**
At 31 March 2019	**35,000**	**(1,691)**	**33,309**
Loss for the year	–	(1,991)	(1,991)
Total comprehensive expense	**–**	**(1,991)**	**(1,991)**
At 31 March 2020	**35,000**	**(3,682)**	**31,318**

The notes on pages 79 to 82 form part of these financial statements.

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Accounting policies

Basis of preparation

Infinis Energy Group Holdings Limited (the 'Company') is a private company limited by shares and incorporated in England in the UK. The Company's registered office is First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

The Company has adopted Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101 ') in these financial statements.

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is included in the consolidated financial statements of Infinis Energy Group Holdings Limited. The consolidated financial statements of Infinis Energy Group Holdings Limited are set out on pages 51 to 54.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Infinis Energy Group Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently with the year ended 31 March 2019.

Measurement convention

The financial statements have been prepared under the historic cost basis.

Going concern

As explained in the Directors' report on page 43 the financial statements have been prepared on the going concern basis.

Profit and loss account

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year ended 31 March 2020 or for the year ended 31 March 2019.

Tax

Current tax is the expected tax payable (or receivable) on the taxable income/expense for the year, using tax rates enacted or substantively enacted by the year end. Taxable profit differs from net profit in the profit and loss account because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Amounts owed by Group undertakings

For amounts owed by group undertakings, the Company first determines the 12 month expected credit loss, with the lifetime expected credit loss being recognised in the event of a significant increase in default risk. If external or internal rating information is available, the expected credit loss is determined based on the basis of this data. If no rating information is available, the Company determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically to determine if there is a significant increase in default risk.

Impairment

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each year end to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the year end. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Investments

Fixed asset investments reflect investments in subsidiaries and are shown at cost less any provision for impairment.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other debtors, cash and cash equivalents and trade and other creditors. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition they are measured as described below:

Trade and other debtors

Trade and other debtors are carried at original invoice amount less any allowance for uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off in the income statement when identified.

Trade and other creditors

Trade and other creditors are carried at cost.

Key judgments and sources of estimation uncertainty

In the process of applying the Company's accounting policies, management necessarily makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements. There are no critical accounting judgments. The key accounting judgments and estimates are explained below.

Impairment of investments

In assessing impairment, judgment is required to establish whether there has been any indicators of impairment, either internal or external. Where there is a need to determine the recoverable value of an investment this requires judgments and assumptions related to the expected future cash flows to be derived from the investment.

25. Directors and employees

None of the Directors received any remuneration or benefits from the Company during the current year or prior year. The Company had no employees during the year.

26. Investments

	Shares in group undertakings £'000	Amounts owed by group undertakings £'000	Total £'000
Cost			
At 31 March 2018	**35,000**	**151,230**	**186,230**
Additions	–	79,050	79,050
At 31 March 2019	**35,000**	**230,280**	**265,280**
Repayments	–	(17,050)	(17,050)
At 31 March 2020	**35,000**	**213,230**	**248,230**
Net book value			
At 31 March 2020	**35,000**	**213,230**	**248,230**
At 31 March 2019	**35,000**	**230,280**	**265,280**

Amounts owed by Group undertakings comprise loan notes and are due for repayment in 2045 and attract interest at a rate of 8%, payable at half yearly intervals.

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

26. Investments continued

At 31 March 2020 the Company had the following investments in subsidiaries, associates and jointly controlled entities:

Directly held by the Company:		
Infinis Energy Management Limited		
Indirectly held by the Company:		
Alkane Biogas Limited		In liquidation
Alkane Energy CM Holdings Limited		
Alkane Energy CM Limited		
Alkane Energy Limited		
Alkane Energy UK Limited		
Alkane Services Limited		In liquidation
Aveley Methane Limited		In liquidation
Barbican Bidco Limited		
Barbican Holdco Limited		
Bidston Methane Limited	50% owned	
Blackborough End Energy Limited		In liquidation
Costessey Energy Limited		
CPL Polska Sp. z o.o	Incorporated in Poland, 80% owned	
Gengas Limited		
Infinis (COE) Limited		In liquidation
Infinis (Re-Gen) Limited		
Infinis Acquisitions Limited		
Infinis Alternative Energies Limited		
Infinis China (Investments) Limited		
Infinis Energy Hong Kong Limited	Incorporated in Hong Kong	In liquidation
Infinis Energy Services Limited		
Infinis Hydro Holdings Limited		In liquidation
Infinis Limited		
Infinis Solar Developments Limited	Incorporated 21 August 2019	
Infinis Solar Holdings Limited	Incorporated 20 August 2019	
Leven Power Limited		
Mayton Wood Energy Limited		
MW Renewables Limited		In liquidation
Novera Energy Generation No. 1 Limited		
Novera Energy Generation No. 2 Limited		
Novera Energy Generation No. 3 Limited		
Novera Energy (Holdings 1) Limited		In liquidation
Novera Energy (Holdings 2) Limited		
Novera Energy Limited		In liquidation
Novera Energy Operating Services Limited		
Novera Energy Pty Limited	Incorporated in Australia	In liquidation
Novera Energy Services UK Limited		
Novera Ventures Limited		In liquidation
Regent Park Energy Limited		
Renewable Power Generation Limited		
Rhymney Power Limited		
Scottish BioFuel Limited	Incorporated in Scotland	In liquidation
Scottish BioPower Limited	Incorporated in Scotland	In liquidation
Seven Star Natural Gas Limited		

The subsidiary undertakings operate and were incorporated in England and Wales, and were 100% owned, unless otherwise stated, as at 31 March 2020. The voting rights are the same as the percentage holding. The registered office addresses of the subsidiaries are as follows:

England and Wales:
First Floor
500 Pavilion Drive
Northampton Business Park
Northampton
NN4 7YJ

Hong Kong:
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

Australia:
17 Carter Street
Cammeray NSW
2062 Australia

Poland:
Ul. Lwowska 10/21
00-107 Warszawa
Poland

The registered office addresses of those UK subsidiaries in liquidation are as filed and available on the Companies House website.

27. Trade and other receivables

	2020 £'000	2019 £'000
Amounts owed by Group companies	4,158	4,342
	4,158	**4,342**
Current	**4,158**	4,342

28. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	4	-
Corporation tax payable	3,562	1,590
Amounts owed to related parties	217,548	234,823
	221,114	**236,413**
Non-current	213,230	230,280
Current	7,884	6,133

Amounts owed to related parties are detailed in note 23.

29. Called up share capital

	Issued share capital 2020 Number	Issued share capital 2019 Number	Aggregate nominal value 2020 £'000	Aggregate nominal value 2019 £'000
Allotted, called up and fully paid				
At beginning of the year– ordinary share of £1	35,000,001	35,000,001	35,000	35,000
At 31 March	**35,000,001**	**35,000,001**	**35,000**	**35,000**

30. Related party disclosures

3i LFG Topco Limited, a company registered in the Channel Islands, is the Company's immediate parent and sole shareholder. The ultimate controlling entity is 3i Infrastructure plc, a company registered in the Channel Islands. Refer to note 22 for further details in relation to related parties.

GLOSSARY

The following definitions apply throughout the annual report and accounts unless the context requires otherwise:

3iN	3i Infrastructure plc, the Company's ultimate shareholder
3i/3i Group	3i plc and the group of companies of which 3i Group plc is the parent or for which any such company is investment adviser
AFR	accident frequency rate
APM	alternative performance measures
ASP	average selling price defined as revenue recognised in the year divided by exported power. It includes an element of ROC revenue, known as the recycled element, which is received following the publication of the recycle price by Ofgem
Audit Committee	the audit committee of the Board
Bank facility	bank facility of £288,300,000 provided by a number financial institutions to the Governing Company
BEIS	Department for Business, Energy and Industrial Strategy
BM	balancing mechanism
Board	the Board of Directors of the Company
BSUoS	Balancing Services Use of System
Capacity Market	mechanism to ensure that electricity supply meets demand
CAPEX	capital expenditure
CGU	cash generating unit
CLM	Captured Landfill Methane
CMM	Captured Mineral Methane
Company or Infinis	Infinis Energy Group Holdings Limited, a Company incorporated in England and Wales with registered number 10432005 whose registered office is First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ
Corporate Governance Policy	formal policy of the governance arrangements of the Infinis Group approved by the Board and 3iN
COVID-19	Corona Virus Disease 2019
CSR	corporate social responsibility
DDA	demand dominated areas
Directors	the Executive and Non-executive Directors of the Company
DNOs	distribution network operators
DSOs	distribution system operators
EBITDA	earnings before interest, tax, depreciation, amortisation and , impairment and operating exceptional items
EGC	European General Court
ESO	electricity system operator
Executive Committee	the Executive Committee of the Board
Executive Directors	member of the Executive Committee as set out on page 37 to 38
FCA	the UK Financial Conduct Authority
FY19	the financial year ending 31 March 2019
FY20	the financial year ending 31 March 2020
GAAP	Generally Accepted Accounting Practice
GDUoS	Generator Distribution Use of System
Governing Board	the Board of Directors of the Governing company
Governing Company	Infinis Energy Management Limited
Government	the Government body of the UK
Group	the Company and its subsidiaries within the meaning of section 1162 of the Companies Act 2006
GWh	gigawatt hour
HS&E	health, safety and environmental
HSQ&EC	health, safety, quality and environmental compliance
IAS	International Accounting Standard
IFRSs	International Financial Reporting Standards as adopted by the European Commission for use in the European Union
Infinis Group	the Company and its subsidiaries
IRR	internal rate of return
kWh	kilowatt hour
LNG	liquified natural gas
LTIP	Long term incentive plan
M&A	Mergers and acquisitions
MMO	market maker obligation
MW and MWh	megawatt and megawatt hour
ODFM	optional downward flexibility management
Ofgem	Office of Gas and Electricity Markets
OPEX	operating expenditure
Ordinary shares	the ordinary shares with a nominal value of £1 each in the capital of the Company
PPA	power purchase agreement
PR	Power Response
Relevant Interest	(i) 10% or more of the ordinary shares; (ii) 10% or more of the shares in any parent undertaking of the Company; or (iii) 10% or more of the voting power in the Company or any parent undertaking of the Company, and for the purposes of calculating a Relevant Interest, the holding of shares or voting power of a person includes any shares or voting power held by another person, if they are acting in concert
Remuneration Committee	the remuneration committee of the Board or a sub-committee of it
RIDDOR	the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
RO	Renewables Obligation, the financial mechanism by which the Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of electricity they supply to customers from eligible renewable sources or pay a penalty
ROC	Renewables Obligation Certificate
RoSPA	Royal Society for the Prevention of Accidents
SCR	significant code review
Senior management	as defined in section 414(C) of the Companies Act 2006
Senior Management Team (SMT)	the team of individuals who have the day-to-day responsibilities of managing the Company
Shareholder	a holder of ordinary shares
Shareholder Directors	As set out on page 37 to 38
SRMC	short run marginal contribution
TCR	Ofgem targeted charging review
Triads	the three 30-minute time periods with highest energy demand between November to February each year
TWh	terawatt hour
UK	the United Kingdom of Great Britain and Northern Ireland
VAT	value added tax
Walker Guidelines	The Walker Guidelines for Disclosure and Transparency in Private Equity published by the Private Equity Reporting Group
Website	www.infinis.com