

Chantrey Vellacott DFKLLP



IEA Environmental Projects Ltd

Annual report

31 March 2012

IEA Environmental Projects Ltd

Annual report

Year ended 31 March 2012

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IEA Environmental Projects Ltd
Officers and professional advisers

The board of directors	Dr J M Topper A M Lloyd J B Lott
Company secretary	R M Davidson
Registered office	Gemini House 10-18 Putney Hill London SW15 6AA
Auditor	Chantrey Vellacott DFK Chartered Accountants Statutory Auditor Prospect House 58 Queens Road Reading Berkshire RG1 4RP

Chantrey Vellacott DFK LLP

IEA Environmental Projects Ltd

Directors' report

Year ended 31 March 2012

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 March 2012

Principal activities and business review

The principal activity of the company during the year was to be that of Operating Agent for the IEA Greenhouse Gas R&D Programme on behalf of its members. This is an international collaboration supported by 198 countries (2011-198), the European Commission, the Organisation of Petroleum Exporting Countries and 25 industrial sponsors (2011-25). Its purpose is to provide information on technologies for the abatement of greenhouse gas emissions from the burning of fossil fuels. The members are represented through an Executive Committee.

Since 3rd July 2001, the company has also been the owner of IEA Coal Research Limited, the Operating Agent for IEA Clean Coal Centre, an international organisation set up to provide information about, and analysis of, all aspects of coal-related combustion technologies, the economics and associated environmental control technologies.

Review of the business

The Centre continues to research and disseminate information on subjects relevant to greenhouse gas mitigation. The subjects are decided by the members and, increasingly, are published electronically rather than by hard copy.

The company may only charge to the IEA Greenhouse Gas R&D programme the exact costs of the operation and therefore makes neither a profit nor a loss.

Principal risks and uncertainties

The company operates the IEA Greenhouse Gas R&D programme under the terms of the Implementing Agreement.

The primary members of the IEA Greenhouse Gas R&D programme are government agencies of countries interested in greenhouse gas emissions and interest in the subject is increasing as concerns over global warming and future energy supplies continue to exercise authorities around the world. Individual government agencies may have financial constraints imposed on them and sometimes replace direct subscription to the Programme by commercial sponsors, in addition to individual sponsor membership by commercial organisations.

Funds temporarily surplus to requirements are deposited with the company's bankers.

No material uncertainty that may cast significant doubt about the ability of the company to continue as a going concern has been identified by the directors.

Financial risks management

The company makes sales on credit and manages the risks arising through credit control procedures. The company is exposed in its operations to the risk of changes in foreign currency exchange rates. Certain amounts are invoiced in US dollars based on the exchange rate ruling at the date of the transaction. The policy is to obtain funding in advance based on budgeted requirements.

Qualifying third party indemnity provisions

The company maintains an insurance policy on behalf of the directors and company secretary against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Employee involvement

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given at staff meetings and through information bulletins and reports.

Disabled persons

The company gives equal consideration to potential staff with disabilities for those vacancies for which they may be considered. If employed they would qualify for terms and conditions of service equal to those of existing staff.

Results and dividends

The results for the year are shown on pages 5 and 6.

IEA Environmental Projects Ltd

Directors' report (continued)

Year ended 31 March 2012

Directors

The directors who served the company during the year were as follows

Dr J M Topper
A M Lloyd
J B Lott

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the directors are aware

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

Auditor

Chantry Vellacott DFK LLP have been appointed as auditor for the ensuing year in accordance with Section 487 of the Companies Act 2006.

Signed by order of the directors

R M Davidson
Company Secretary

Robert M Davidson
9 Oct 2012

Approved by the directors on

Chantry Vellacott DFK LLP

IEA Environmental Projects Ltd

Independent auditor's report to the shareholders of IEA Environmental Projects Ltd

Year ended 31 March 2012

We have audited the financial statements of IEA Environmental Projects Ltd for the year ended 31 March 2012 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Chantrey Vellacott DFK LLP

IAN B JOHNSON (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK
Chartered Accountants and Statutory Auditor
Reading

22/10/12

IEA Environmental Projects Ltd

Profit and loss account

Year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	2,204,422	2,052,978
Administrative expenses		(2,173,082)	(2,063,518)
Other operating income	3	2,707	—
Operating profit/(loss)	4	34,047	(10,540)
Interest receivable		64,744	57,540
Interest payable and similar charges	7	(50,000)	(36,000)
Profit on ordinary activities before taxation		48,791	11,000
Tax on profit on ordinary activities	8	(2,791)	—
Profit for the financial year		46,000	11,000

All of the activities of the company are classed as continuing

The notes on pages 8 to 18 form part of these financial statements

IEA Environmental Projects Ltd

Statement of total recognised gains and losses

Year ended 31 March 2012

	2012 £	2011 £
Profit for the financial year attributable to the shareholders	46,000	11,000
Actuarial gain/(loss) in respect of defined benefit pension scheme	(46,000)	(11,000)
Total gains and losses recognised since the last annual report	<u>-</u>	<u>-</u>

Chantrey Vellacott DFK LLP

The notes on pages 8 to 18 form part of these financial statements

IEA Environmental Projects Ltd

Balance sheet

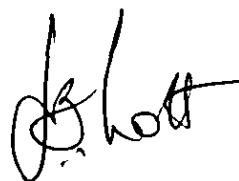
As at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	9	<u>2</u>	<u>2</u>
Current assets			
Debtors	10	308,153	832,916
Cash at bank		2,621,873	3,769,447
		<u>2,930,026</u>	<u>4,602,363</u>
Creditors amounts falling due within one year	11	<u>1,261,562</u>	<u>2,763,392</u>
Net current assets		<u>1,668,464</u>	<u>1,838,971</u>
Total assets less current liabilities		<u>1,668,466</u>	<u>1,838,973</u>
Creditors amounts falling due after more than one year	12	<u>1,677,366</u>	<u>1,647,873</u>
Net (liabilities)/assets excluding pension asset/(liability)		<u>(8,900)</u>	<u>191,100</u>
Defined benefit pension scheme asset/(liability)	13	9,000	(191,000)
Net assets including pension asset/(liability)		<u>100</u>	<u>100</u>
Capital and reserves			
Called up equity share capital	17	<u>100</u>	<u>100</u>
Shareholders' funds	19	<u>100</u>	<u>100</u>

These financial statements were approved by the directors and authorised for issue on 09/10/12, and are signed on their behalf by



Dr J M Topper



J B Lott

Company Registration Number 02168685

The notes on pages 8 to 18 form part of these financial statements

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2012

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by the Companies Act 2006 as it is a subsidiary undertaking of Rio Tinto Plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

The company is the operating agent for IEA Greenhouse Gas R&D Programme (the Programme) which is financed by various countries, sponsors and the EU. The company's net expenditure in each year is charged to the Programme, the company making neither profit nor loss.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary and its ultimate parent company publishes a consolidated cash flow statement.

Turnover

Turnover represents contributions received from member countries, sponsorship and the sales of services, excluding Value Added Tax.

Revenue from subscriptions is recognised as earned in the membership year to which it is attributable and to the extent that the company obtains the right to consideration in exchange for its performance under the Implementing Agreement. Revenue from services is recognised by reference to the event date on which the service is delivered.

Revenue is also earned under a variety of contracts to provide research project services. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding Value Added Tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the company is recognised when the contingent event occurs.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

IEA Environmental Projects Ltd
Notes to the financial statements
Year ended 31 March 2012

1 Accounting policies (continued)

Pension costs and other post-retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

The company operates a sub-fund in the Industry Wide Coal Staff Superannuation Scheme (IWCSSS) in which two employees participated with the benefits provided on a defined benefits basis. In previous years, contributions payable in the year were charged to the profit and loss account as incurred.

With the effect from 1 April 2009 the IWCSSS defined benefit scheme, the pension costs are assessed using the projected unit credit method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular costs over the service lives of employees. The pension obligation is measured at the present value of the estimated future cash flows using interest rates on government securities that have terms to maturity approximating the terms of the related liability.

When the benefits of a scheme are improved, past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent the benefits are already vested immediately, following the introduction of, or changes to, a defined benefit plan, the past service costs are recognised as an expense immediately.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing difference between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Foreign currencies

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Deferred government grants

Grants are credited to deferred revenue. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

IEA Environmental Projects Ltd
Notes to the financial statements
Year ended 31 March 2012

3 Other operating income

	2012 £	2011 £
Other operating income	<u>2,707</u>	<u>—</u>

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2012 £	2011 £
Amortisation of government grants re fixed assets	25,000	26,000
Research and development expenditure written off	797,530	667,119
Auditor's remuneration		
- as auditor	9,000	10,000
- for other services	37,596	20,860
Operating lease rentals	26,625	26,625
Net loss on foreign currency translation	<u>13,506</u>	<u>41,704</u>

5 Particulars of employees

The average number of staff, including executive directors, employed by the company during the financial year can be analysed as follows

	2012 No	2011 No
Number of administration and technical staff	13	13
Number of management staff	<u>1</u>	<u>1</u>
	14	14

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	572,469	572,938
Social security costs	58,847	55,137
Other pension costs	39,711	44,986
	<u>671,027</u>	<u>673,061</u>

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 7) and amounts recognised in the statement of recognised gains and losses

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2012

6 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Remuneration receivable	<u>2,000</u>	<u>29,149</u>

7 Interest payable and similar charges

	2012 £	2011 £
Other similar charges payable	<u>50,000</u>	<u>36,000</u>

The costs as noted above, relate to finance costs in respect of the defined pension scheme

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax		
UK Corporation tax based on the results for the year	1,633	1,491
(Over)/under provision in prior year	<u>1,158</u>	<u>(2,789)</u>
Total current tax	<u>2,791</u>	<u>(1,298)</u>

(b) Factors affecting current tax charge

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>48,791</u>	<u>11,000</u>
Profit on ordinary activities multiplied by rate of tax	5,133	3,080
Adjustments to tax charge in respect of previous periods	1,158	-
Sundry tax adjusting items	<u>(3,500)</u>	<u>(3,080)</u>
Total current tax	<u>2,791</u>	<u>-</u>

9 Investments

Shares in subsidiary undertakings and participating interests

	£
Cost	
At 1 April 2011 and 31 March 2012	<u>2</u>
Net book value	
At 31 March 2012 and 31 March 2011	<u>2</u>

IEA Environmental Projects Ltd
Notes to the financial statements
Year ended 31 March 2012

9 Investments (continued)

The company owns 100% of the issued ordinary share capital of IEA Coal Research Limited, a company incorporated in England and Wales

The aggregate amount of capital and reserves at 31 March 2012 were

Aggregate capital and reserves

	2012	2011
	£	£
IEA Coal Research Limited	2	2
Profit and (loss) for the year		
IEA Coal Research Limited	-	-

10 Debtors

	2012	2011
	£	£
Trade debtors	265,795	675,876
VAT recoverable	4,414	-
Other debtors	4,447	4,447
Prepayments and accrued income	33,497	152,593
	<u>308,153</u>	<u>832,916</u>

11 Creditors amounts falling due within one year

	2012	2011
	£	£
Trade creditors	35,705	17,011
Amounts owed to group undertakings	93,412	152,039
Taxation	4,282	35,919
Other creditors	214,465	374,967
Accruals and deferred income	913,698	2,183,456
	<u>1,261,562</u>	<u>2,763,392</u>

Amounts owed to group undertakings are unsecured and have no fixed date of repayment

Included in other creditors the directors have designated funds which were received as a result of a surplus generated on GHGT conferences as a special project fund. The balance held at the year end was £127,333 (2011 £94,916). Agreed usage for these monies is special projects on IT Hardware and security, and future conference costs.

IEA Environmental Projects Ltd
Notes to the financial statements
Year ended 31 March 2012

12 Creditors amounts falling due after more than one year

	2012 £	2011 £
Trade creditors	<u>1,677,366</u>	<u>1,647,873</u>

Amounts held on behalf of contributing countries consist of the following

Winding up fund

The winding-up fund exists to cover the costs arising from the closure of the IEA Greenhouse Gas R&D Programme. No agreement has been made nor are there any plans to wind up the Programme at the present time. The size of the fund is assessed annually by the Operating Agent and any proposed changes are agreed annually by the Executive Committee. The size of the fund as at 31 March 2012 was £281,262 (2011 £281,262)

Members' contributions not yet committed

Members' contributions not yet committed are the sums of money remaining once charges have been made for working capital and other commitments during the year. The balance as at 31 March 2012 was £1,396,104 (2011 £1,366,611)

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2012

13 Pensions and other post retirement benefits

Employees of IEA Environmental Projects Limited are members of two pension schemes. The assets of the schemes are held in separate trustee administered funds.

Defined contribution

With effect from 1 April 2008, employees (except for the two employees participating in the IWCSSS) are eligible to join the defined contribution section of the Rio Tinto pension fund. The cost of contributions to the defined contribution section of the Rio Tinto pension fund amounted to £39,711 (2011: £44,986).

Defined benefit

Two employees participated in the Industry Wide Coal Staff Superannuation scheme (IWCSSS) with benefits provided on a defined benefit basis.

However, in previous years the contributions paid by the company were accounted as if the scheme were a defined contribution scheme, as the company was unable to identify its share of the underlying assets and liabilities in the scheme.

Following the actuarial valuation of the IWCSSS as at 31 December 2006, the company's contribution rate in respect of future accrual of benefits, provision of death in service lump sum benefits and the administration expense incurred by the IWCSSS was increased to 26.3% of pensionable pay with effect from 1 November 2007. Prior to that date the company's contribution rate was 17.45% of pensionable pay plus an annual expense charge of £1,000. The actuarial valuation revealed a funding shortfall in respect of benefits accrued up to the date of the valuation and the company have been making additional payments of £2,000 per month for a period of five years from 1 November 2007 to eliminate this shortfall.

In March 2011, following completion of the actuarial valuation of the scheme to 31 December 2009 carried out during 2010, the company reached agreement with the Trustees of the pension scheme for a revised recovery plan to make up the revised shortfall. The shortfall shown by the Actuarial valuation for these purposes was in excess of those calculated for the purposes of complying with the requirements of FRS 17. In this respect a payment of £201,000 was made on 1 April 2011. At the same time, monthly payments at a rate of £39,900 per annum commenced for 5 years to 31 March 2016 and the employer contribution increased to 33.8% of pensionable earnings.

The valuation used for Financial Reporting Standard 17, retirement benefits (FRS 17) disclosure has been based on a full assessment of the liabilities of the IWCSSS plan as at 31 December 2009. The present value of the defined benefit obligation, the related service cost and any past service costs were calculated using a full extract at 31 December 2009 and based on a detailed member calculations.

The results as at 31 March 2012 (2011: 31 December 2010) have been calculated by projecting forward the results of the 31 December 2009 funding valuation. Specifically, the funding valuation liabilities have been adjusted so as to reflect the different actuarial assumptions used for IAS19/FRS 17 purposes as at 31 March 2012 (2011: 31 December 2010). The adjustment was done by identifying the average ages of the different categories of Scheme member (i.e. actives, deferred pensioners and pensioners) and adjusting the liabilities for the different categories by reference to the average age. The adjusted results were then projected from 31 December 2009 to 31 March 2012 (2011: 31 December 2010) to reflect the actual investments returns achieved by the Scheme's assets and the contributions paid to the scheme between the two dates, assuming that the contributions were paid evenly and the investment returns were achieved evenly throughout the period.

In addition, legislation imposes a levy on company pension schemes to fund the statutory pension protection fund. The PPF levy for the IWCSSS was included within the company contribution rate until 31 March 2007 but since 1 April 2007 it has been payable in addition.

The amounts recognised in the profit and loss account are as follows:

	2012 £	2011 £
Amounts charged to operating profit/(loss)		
Current service cost	25,000	26,000
Total operating charge	25,000	26,000

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2012

13 Pensions and other post retirement benefits (continued)

	2012 £	2011 £
<i>Amounts included in other finance cost</i>		
Expected return on scheme assets	(45,000)	(32,000)
Interest on scheme liabilities	50,000	36,000
Other finance cost	5,000	4,000
Total charge to the profit and loss account	30,000	30,000
Actual return on scheme assets	13,000	50,000

Other finance cost is included in the profit and loss account within interest payable and similar charges. Actuarial losses of £(46,000) (2011 £(11,000)) have been recognised in the statement of total recognised gains and losses. At 31 March 2012 the cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £(161,000) (2011 £115,000).

The amounts recognised in the balance sheet are as follows

	2012 £	2011 £
Present value of funded obligations	(819,000)	(724,000)
Fair value of scheme assets	828,000	533,000
Net pension asset/(liability)	9,000	(191,000)

Changes in the present value of the defined benefit obligation scheme are as follows

	2012 £	2011 £
Opening defined benefit obligation	724,000	628,000
Current service cost (including employee contributions)	31,000	31,000
Interest on scheme liabilities	50,000	36,000
Actuarial loss	14,000	29,000
Closing defined benefit obligation	819,000	724,000

Changes in the fair value of scheme assets are as follows

	2012 £	2011 £
Opening fair value of scheme assets	533,000	428,000
Expected return on scheme assets	45,000	32,000
Contributions by employer	276,000	50,000
Contributions by scheme participants	6,000	5,000
Actuarial (loss)/gain	(32,000)	18,000
Closing fair value of scheme assets	828,000	533,000

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2012

13 Pensions and other post retirement benefits (continued)

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows

	2012	2011
	%	%
European equities	90 00	90 00
European bonds	10 00	9 00
Other assets	—	1 00

At the balance sheet date, the assets of the IWCSSS plan attributable to IEA Environmental Projects Limited consisted of cash, UK and overseas equities and UK corporate bonds

The principal actuarial assumptions as at the balance sheet date were

	2012	2011
	%	%
Discount rate	4 70	5 40
Expected return on scheme assets	6 83	7 53
Rate of increase in salaries	5 00	5 40
Rate of increase in pensions in payment	3 00	3 40

Amounts for the current and previous two periods are as follows

	2012	2011	2010
	£	£	£
Defined benefit obligation	(819,000)	(724,000)	(628,000)
Fair value of scheme assets	828,000	533,000	428,000
Surplus/(deficit) in the scheme	9,000	(191,000)	(200,000)

A negative 0.5% change in the discount rate used to place a value on the liabilities would result in a funded surplus of £86,000 (2011 liability £273,000) and if the mortality rates were reduced by 10% at all ages, the liability would be £62,000 (2011 £207,000)

14 Commitments under operating leases

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within one year	—	10,417
Within two to five years	29,300	—

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2012

15 Related party transactions

The company made charges to IEA Greenhouse Gas R&D Programme of £1,573,211 (2011 £1,393,965)

IEA Coal Research Limited, its subsidiary undertaking, was owed £93,412 (2011 £152,039) at the balance sheet date

The company rented its offices from The Orchard Business Centre Limited, a company of which J B Lott is a director. Rental payments of £28,972 (2011 £29,149) were made during the year. At the year end there was no balance outstanding.

16 Control

The company is a wholly owned subsidiary of Rio Tinto International Holdings Limited, a company registered in England and Wales.

The smallest group into which the company is consolidated is Rio Tinto International Holdings Limited. The largest group into which the company is consolidated is Rio Tinto Plc, a company incorporated in England and Wales.

The ultimate parent undertaking and ultimate controlling party is Rio Tinto Plc, a company registered in England and Wales, for both the current and prior year. The financial statements for Rio Tinto Plc can be obtained from, The Secretary, Rio Tinto Plc, 2 Eastbourne Terrace, London, W2 6LG. Alternatively, they are available to download from www.riotinto.com.

17 Share capital

Authorised share capital

	2012 £	2011 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid

	2012 No	£	2011 No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

IEA Environmental Projects Ltd
Notes to the financial statements
Year ended 31 March 2012

18 Profit and loss account

	2012 £	2011 £
Profit for the financial year	46,000	11,000
Defined pension benefit scheme	(46,000)	(11,000)
Balance carried forward	<u>-</u>	<u>-</u>

19 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	46,000	11,000
Defined benefit pension scheme	(46,000)	(11,000)
Net addition to shareholders' funds	<u>-</u>	<u>-</u>
Opening shareholders' funds	100	100
Closing shareholders' funds	<u>100</u>	<u>100</u>