

Company Registration Number 02168685

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IEA Environmental Projects Ltd

Annual report

31 March 2014

IEA Environmental Projects Ltd

Annual report

Year ended 31 March 2014

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IEA Environmental Projects Ltd

Officers and professional advisers

The board of directors

J B Lott
Dr M H Davies
J M Gale
A J Minchener
R M Davidson

Company secretary

R M Davidson

Registered office

Park House
14 Northfields
London
SW18 1DD

Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
Prospect House
58 Queens Road
Reading
Berkshire
RG1 4RP

IEA Environmental Projects Ltd

Directors' report

Year ended 31 March 2014

The directors present their report and the audited financial statements of the company for the year ended 31 March 2014.

Principal principal activities

The principal activity of the company during the year was to be that of Operating Agent for the IEA Greenhouse Gas R&D Programme ("the Programme") on behalf of its members. This is an international collaboration supported by 18 countries (2013: 19), the European Commission, and 23 industrial sponsors (2013: 23). 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.

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.

Going concern

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.

Review of the business

The Programme 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.

The Programme's operating mandate was renewed for a further five years from November 2011 by the International Energy Agency Committee on Energy Research and Technology.

Financial risk management

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 company makes sales on credit, and manages the risks arising through its credit control procedures.

The policy of the Implementing Agreement is to obtain funding in advance based on budgeted requirements.

Funds in excess of immediate requirements are deposited with the company's bankers.

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.

IEA Environmental Projects Ltd

Directors' report *(continued)*

Year ended 31 March 2014

Results and dividends

The profit for the year amounted to £171,000, which after losses of £171,000 recorded in the statement of total recognised gains and losses reflects a nil result for the year. The directors have therefore not recommended a dividend.

Directors

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

Dr J M Topper

J B Lott

Dr M H Davies

A M Lloyd

(Appointed 10 April 2013)

(Resigned 10 April 2013)

The following changes in directors occurred after the balance sheet date:

R M Davidson was appointed as a director on 21 May 2014

A J Minchener was appointed as a director on 21 May 2014

J J Gale was appointed as a director on 21 May 2014

Dr J M Topper resigned as a director on 21 May 2014.

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 year.

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

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

IEA Environmental Projects Ltd

Directors' report (continued)

Year ended 31 March 2014

Auditor

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

Each of the persons who is a director at the date of approval of this report confirms that:

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

Signed by order of the directors

Robert M Davidson

R M Davidson
Company Secretary

Approved by the directors on *21 Oct 2014*

IEA Environmental Projects Ltd

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

Year ended 31 March 2014

We have audited the financial statements of IEA Environmental Projects Ltd for the year ended 31 March 2014 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 the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Chantrey Vellacott DFK LLP

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

31/03/14

IEA Environmental Projects Ltd

Profit and loss account

Year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	2	2,337,173	1,775,004
Administrative expenses		(2,214,425)	(1,837,869)
Operating profit/(loss)	3	122,748	(62,865)
Interest receivable		21,864	19,856
Other finance income	6	29,000	17,000
Profit/(loss) on ordinary activities before taxation		173,612	(26,009)
Tax on profit/(loss) on ordinary activities	7	(2,612)	(2,991)
Profit/(loss) for the financial year		171,000	(29,000)

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

The notes on pages 9 to 18 form part of these financial statements.

IEA Environmental Projects Ltd

Statement of total recognised gains and losses

Year ended 31 March 2014

	2014	2013
	£	£
Profit/(Loss) for the financial year attributable to the shareholders	171,00	(29,000)
Actuarial gain/(loss) in respect of defined benefit pension scheme	23,000	29,000
Deficit as a result of FRS17 restriction defined benefit pension scheme	(194,000)	-
Total gains and losses recognised since the last annual report	-	-

The notes on pages 9 to 18 form part of these financial statements.


IEA Environmental Projects Ltd


Balance sheet

As at 31 March 2014

	Note	2014 £	2013 £
Fixed assets			
Investments	8	2	2
Current assets			
Debtors	9	448,048	516,059
Cash at bank		2,459,862	2,311,839
Creditors: amounts falling due within one year	10	2,907,910 1,129,031	2,827,898 946,621
Net current assets		1,778,879	1,881,277
Total assets less current liabilities		1,778,881	1,881,279
Creditors: amounts falling due after more than one year	11	1,778,781	1,980,179
Net assets/(liabilities) excluding pension asset		100	(98,900)
Defined benefit pension scheme asset	12	-	99,000
Net assets including pension asset		100	100
Capital and reserves			
Called up equity share capital	15	100	100
Shareholders' funds	17	100	100

These financial statements were approved by the directors and authorised for issue on 21/10/14 and are signed on their behalf by:


J B Lott


J J Gale

Company Registration Number: 02168685

The notes on pages 9 to 18 form part of these financial statements.

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2014

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 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.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2014

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 one employee participated with the benefits provided on a defined benefits basis.

For the IWCSSS defined benefit scheme the difference between the fair value of the assets held in the pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the balance sheet as a pension asset or liability as appropriate. 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 derived from AA- rated corporate bonds 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.

Changes in the defined benefit pension scheme asset or liability, arising from factors other than cash contributions are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS 17 'Retirement Benefits' and any restrictions in that standard accounted for appropriately.

Deferred taxation

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

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

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

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.

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 2014

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2014 £	2013 £
Auditor's remuneration		
- as auditor	9,000	9,000
- for other services	19,990	29,975
Operating lease costs:		
- Other	23,272	29,300
Net loss/(profit) on foreign currency translation	165,878	(21,800)

4. Particulars of employees

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

	2014 No	2013 No
Number of administration and technical staff	12	13
Management	1	1
	13	14

The aggregate payroll costs of the above were:

	2014 £	2013 £
Wages and salaries	522,738	546,100
Social security costs	55,495	56,408
Other pension costs	77,519	75,870
	655,752	678,378

Other pension costs also includes £26,000 (2013: £23,000), in respect of defined benefit pension schemes, representing amounts charged to operating profit. These amounts do not include amounts credited to finance income (see note 6) and amounts recognised in the statement of total recognised gains and losses in respect of defined benefit pension schemes.

5. Directors' remuneration

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

	2014 £	2013 £
Remuneration receivable	2,000	2,000

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2014

6. Other finance income

	2014 £	2013 £
Net finance income in respect of defined benefit pension schemes	70,000	56,000
Net finance costs in respect of defined benefit pension schemes	(41,000)	(39,000)
	<u>29,000</u>	<u>17,000</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014 £	2013 £
Current tax:		
UK Corporation tax based on the results for the year	1,861	1,500
Under provision in prior year	751	1,491
Total current tax	<u>2,612</u>	<u>2,991</u>

(b) Factors affecting current tax charge

	2014 £	2013 £
Profit/(loss) on ordinary activities before taxation	<u>173,612</u>	<u>(26,009)</u>
Profit/(loss) on ordinary activities multiplied by rate of tax	39,931	(6,961)
Adjustments to tax charge in respect of previous periods	751	1,491
Sundry tax adjusting items	(38,070)	8,461
Total current tax (note 7(a))	<u>2,612</u>	<u>2,991</u>

8. Investments

Shares in subsidiary undertakings and participating interests

	£
Cost	
At 1 April 2013 and 31 March 2014	<u>2</u>
Net book value	
At 31 March 2014 and 31 March 2013	<u>2</u>

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2014

8. 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 were:

	2014 £	2013 £
Aggregate capital and reserves		
IEA Coal Research Limited	2	2
Profit and (loss) for the year		
IEA Coal Research Limited	-	-

9. Debtors

	2014 £	2013 £
Trade debtors	401,623	481,513
VAT recoverable	22,324	446
Other debtors	4,209	1,037
Prepayments and accrued income	19,892	33,063
	<u>448,048</u>	<u>516,059</u>

10. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	194,203	103,299
Amounts owed to group undertakings	176,046	177,506
Taxation	1,861	1,500
Other creditors	153,625	163,595
Accruals and deferred income	603,296	500,721
	<u>1,129,031</u>	<u>946,621</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 £121,643 (2013: £149,665). 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 2014

11. Creditors: amounts falling due after more than one year

	2014 £	2013 £
Trade creditors	<u>1,778,781</u>	<u>1,980,179</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 2014 was £241,686 (2013: £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 2014 was £1,537,095 (2013: £1,698,917).

12. 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 employee 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 £51,519 (2013: £52,870).

Defined benefit

One employee participated in the Industry Wide Coal Staff Superannuation Scheme (IWCSSS) with benefits provided on a defined benefit basis.

In March 2011, following completion of the Actuarial valuation of the IWCSSS 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 and employer contribution rates to make up the revised shortfall in respect of the future accrual of benefits, the provision of death in service lump sum benefits and the administration expense incurred by the IWCSSS. 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 Financial Reporting Standard 17, Retirement Benefits (FRS17). 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 IWCSS plan as at 31 December 2012. 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 2012 and based on a detailed member calculations.

The results as at 31 March 2014 have been calculated by projecting forward the results of the 31 December 2012 funding valuation on a going concern basis. The results have then been adjusted by allowing for the FRS 17 financial and demographic assumptions.

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.

As the Scheme has only one remaining active member there is limited scope for the Company to recognise the surplus in respect of the scheme and as a result it has been restricted to £nil in accordance with the requirements of FRS17 paragraph 41 at the Balance Sheet date.

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2014

12. Pensions and other post retirement benefits (*continued*)

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

	2014 £	2013 £
Amounts charged to operating profit/(loss):		
Current service cost	26,000	23,000
Total operating charge	<u>26,000</u>	<u>23,000</u>
Amounts included in other finance income:		
Expected return on scheme assets	(70,000)	(56,000)
Interest on scheme liabilities	<u>41,000</u>	<u>39,000</u>
Other finance income	<u>(29,000)</u>	<u>(17,000)</u>
Total (credit)/charge to the profit and loss account	<u>(3,000)</u>	<u>6,000</u>
Actual return on scheme assets	<u>91,000</u>	<u>138,000</u>

Other finance income is included in the profit and loss account within interest receivable and similar income.

Actuarial gains of £23,000 (2013: £29,000) have been recognised in the statement of total recognised gains and losses. At 31 March 2014 the cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £141,000 (2013: £164,000). In addition the restriction arising as a result of FRS 17 paragraph 41 has also been accounted for through the statement of total recognised gains and losses.

Expected contributions to the plan during the next accounting period are £69,000.

The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(1,009,000)	(939,000)
Fair value of scheme assets	<u>1,203,000</u>	<u>1,038,000</u>
	<u>194,000</u>	<u>99,000</u>
Restriction as a result of FRS 17	<u>(194,000)</u>	<u>-</u>
Surplus in the scheme after restriction	<u>-</u>	<u>99,000</u>
Net pension asset	<u>-</u>	<u>99,000</u>

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

	2014 £	2013 £
Opening defined benefit obligation	939,000	819,000
Current service cost (including employer contributions)	31,000	28,000
Interest on scheme liabilities	41,000	39,000
Actuarial (gain)/loss	<u>(2,000)</u>	<u>53,000</u>
Closing defined benefit obligation	<u>1,009,000</u>	<u>939,000</u>

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2014

12. Pensions and other post retirement benefits *(continued)*

Changes in the fair value of scheme assets are as follows:

	2014 £	2013 £
Opening fair value of scheme assets	1,038,000	828,000
Expected return on scheme assets	70,000	56,000
Contributions by employer	69,000	67,000
Contributions by scheme participants	5,000	5,000
Actuarial gain	21,000	82,000
Closing fair value of scheme assets	1,203,000	1,038,000

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

	2014 %	2013 %
European equities	90.00	90.00
European bonds	10.00	10.00

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:

	2014 %	2013 %
Discount rate	4.50	4.30
Expected return on scheme assets	7.35	6.80
Rate of increase in salaries	5.40	4.90
Rate of increase in pensions in payment	3.40	2.90
Inflation	3.40	2.90
Life expectancy of current pensioners (from age 60), in years	25.30	24.90
Life expectancy of future pensioners (from age 60), in years	26.30	25.70

In determining the long term rate of return on pension plan assets historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return is then derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme,

Amounts for the current and previous four periods are as follows:

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligation	(1,009,000)	(939,000)	(819,000)	(724,000)	(628,000)
Fair value of scheme assets	1,203,000	1,038,000	828,000	533,000	428,000
Surplus/(deficit) in the scheme	194,000	99,000	9,000	(191,000)	(200,000)

If the discount rate was increased by 0.5% per annum the funded status would become a surplus of £281,000 (2013: £190,000). The balance sheet position would be again restricted to £nil at 31 March 2014 as a result of the provisions of FRS17.

If the long term rate of improvement in longevity were to be taken at 1.5% per annum the funded status would become a surplus of £181,000 (2013: £76,000). The balance sheet position would be again restricted to £nil at 31 March 2014.

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2014

13. Commitments under operating leases

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within two to five years	-	19,500

14. Related party transactions

The company made charges to IEA Greenhouse Gas R&D Programme of £1,752,518 (2013: 1,363,155).

IEA Coal Research Limited, its subsidiary undertaking, was owed £176,046 (2013: £177,506) at the balance sheet date.

During the year IEA Coal Research Limited recharged expenses to the company of £56,526 (2013: £48,357).

The company rented its offices from The Orchard Business Centre Limited, a company of which J B Lott is a director. Rental payments of £31,098 (2013: £29,300) were made during the year. At the year end there was no balance outstanding.

15. Share capital

Authorised share capital:

	2014	2013
	£	£
100 Ordinary shares of £1 each	100	100

Allotted, called up and fully paid:

	2014	£	2013	£
	No		No	
Ordinary shares of £1 each	100	100	100	100

16. Profit and loss account

	2014	2013
	£	£
Profit/(loss) for the financial year	171,000	(29,000)
Defined benefit pension scheme	(171,000)	29,000
Balance carried forward	-	-

IEA Environmental Projects Ltd

Notes to the financial statements

Year ended 31 March 2014

17. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit/(Loss) for the financial year	171,000	(29,000)
Defined benefit pension scheme	(171,000)	29,000
Net addition to shareholders' funds	–	–
Opening shareholders' funds	100	100
Closing shareholders' funds	100	100

18. 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.