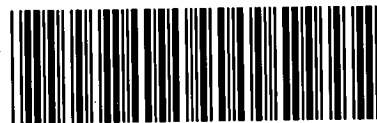


Registered number: 02168685

IEA ENVIRONMENTAL PROJECTS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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IEA ENVIRONMENTAL PROJECTS LIMITED

COMPANY INFORMATION

Directors	Dr M H Davies J J Gale J B Lott Dr A J Minchener
Company secretary	P L Watkins
Registered number	02168685
Registered office	Pure Offices Cheltenham Office Park Hatherley Lane Cheltenham GL51 6SH
Independent auditors	Moore Stephens LLP Prospect House 58 Queens Road Reading Berkshire RG1 4RP

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report and the financial statements for the year ended 31 March 2018.

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 ("the Programme") on behalf of its members. This is an international collaboration supported by 15 countries (2017: 14), the European Commission and the Organisation of Petroleum Exporting Countries, and 15 industrial sponsors (2017: 15). 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.

The company operates the IEA Greenhouse Gas R&D programme under the terms of the Implementing Agreement, dated 16 August 2017.

The primary members of the IEA Greenhouse Gas R&D programme are government agencies of countries interested in greenhouse gas emissions. 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 of the subject of greenhouse gas mitigation from the power and industry sectors. The research topics are agreed by the members at the 6 monthly Executive Committee meetings. The results of the programmes are disseminated electronically and by social media outlets and webinars.

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 or a loss.

The Programme's operating mandate was renewed for a further five years from 1 December 2016 by the International Energy Agency Committee on Energy Research and Technology.

Results and dividends

The profit for the year, after taxation, amounted to £21,000 (2017: £38,000) which after losses of £21,000 (2017: £38,000) recorded in other comprehensive income reflects a nil result for the year. The directors have therefore not recommended a dividend.

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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Future developments

The IEA Greenhouse R&D Programme's mandate to operate under the IEA Energy Technology Network platform was extended in December 2016 for a further 5 years until November 2021. It has been agreed with the Programme members that IEA Environmental Projects Ltd will continue as the operating agent for this new 5 year period. A new strategic plan was agreed for the new 5 year operating period that continues the 4 main core activities of the Programme; technical assessments, facilitating implementation and international co-operation plus dissemination of the programmes results. More activity will be placed in the area of communication in the coming years, with a new web site launched in 2018. The Programme's flagship activity, the GHGT conference series, will hold its 14th event in the series in Australia in 2018 and planning is beginning for the next event in 2020 to be held in Abu Dhabi, UAE. With increased emphasis on the need for climate mitigation following the Paris Agreement in 2017, the Programme will aim to expand its current membership, particularly aiming to recruit members from the new Association members of the IEA.

It is proposed that IEA Environmental Projects Ltd will expand its current activities and also operate the secretariat for the new CEM CCUS Initiative. This Initiative currently has 12 country members, each one of which will contribute an annual sum for IEA EPL to operate the CEM CCUS Initiative secretariat.

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.

Directors

The directors who served during the year were:

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

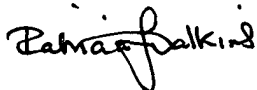
Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The company has taken exemption from the requirement to prepare a Strategic Report as it is only prevented from applying small company exemptions in preparing its accounts by virtue of it being part of an ineligible group.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

This report was approved by the board and signed on its behalf.



P L Watkins
Secretary

Date: 19/11/18

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IEA ENVIRONMENTAL PROJECTS LIMITED

Opinion

We have audited the financial statements of IEA Environmental Projects Limited (the 'Company') for the year ended 31 March 2018, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IEA ENVIRONMENTAL PROJECTS LIMITED (CONTINUED)

material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IEA ENVIRONMENTAL PROJECTS
LIMITED (CONTINUED)

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 is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.



Daniel Henwood (Senior Statutory Auditor)
for and on behalf of Moore Stephens LLP, Statutory Auditor

Prospect House
58 Queens Road
Reading
Berkshire
RG1 4RP

Date: 20/11/2018

IEA ENVIRONMENTAL PROJECTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	1,705,427	1,409,560
Gross profit		1,705,427	1,409,560
Administrative expenses		(1,698,773)	(1,385,024)
Operating profit	5	6,654	24,536
Interest receivable		14,637	12,932
Profit before tax		21,291	37,468
Tax on profit	9	(291)	532
Profit for the year		21,000	38,000

The notes on pages 13 to 24 form part of these financial statements.

IEA ENVIRONMENTAL PROJECTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Profit for the financial year	21,000	38,000
Other comprehensive income		
Actuarial gain/(loss) on defined benefit schemes	(215,000)	41,000
Pension surplus not recognised	194,000	(79,000)
Other comprehensive income for the year	(21,000)	(38,000)
Total comprehensive income for the year	-	-

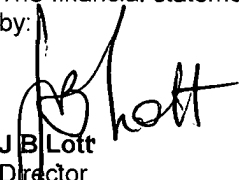
The notes on pages 13 to 24 form part of these financial statements.

IEA ENVIRONMENTAL PROJECTS LIMITED
REGISTERED NUMBER: 02168685


BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	10	2	2
		<u>2</u>	<u>2</u>
Current assets			
Debtors: amounts falling due within one year	11	234,025	303,502
Bank and cash balances		3,095,685	3,183,287
		<u>3,329,710</u>	<u>3,486,789</u>
Creditors: amounts falling due within one year	12	(3,329,612)	(3,486,691)
Net current assets		<u>98</u>	<u>98</u>
Total assets less current liabilities		<u>100</u>	<u>100</u>
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital	13	100	100
		<u>100</u>	<u>100</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J B Lott
 Director

Date: 19/11/18


J J Gale
 Director

Date: 19/11/18

The notes on pages 12 to 23 form part of these financial statements.

IEA ENVIRONMENTAL PROJECTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2016	100	-	100
Comprehensive income for the year			
Profit for the year	-	38,000	38,000
Actuarial losses on pension scheme	-	(38,000)	(38,000)
Other comprehensive income for the year	-	(38,000)	(38,000)
Total comprehensive income for the year	-	-	-
Total transactions with owners	-	-	-
At 1 April 2017	100	-	100
Comprehensive income for the year			
Profit for the year	-	21,000	21,000
Actuarial losses on pension scheme	-	(21,000)	(21,000)
Other comprehensive income for the year	-	(21,000)	(21,000)
Total comprehensive income for the year	-	-	-
At 31 March 2018	100	-	100

The notes on pages 12 to 23 form parts of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	21,000	38,000
Adjustments for:		
Interest receivable	(14,637)	(12,932)
Taxation expense	291	(532)
Decrease/(Increase) in debtors	69,477	(256,121)
(Decrease)/Increase in creditors	(157,120)	332,446
Corporation tax paid	(250)	(258)
Difference between net pension expense and cash contribution	(12,000)	(30,000)
Net cash generated from operating activities	(93,239)	70,603
Cash flows from investing activities		
Interest received	5,637	4,932
Net cash from investing activities	5,637	4,932
Net (decrease) / increase in cash and cash equivalents	(87,602)	75,535
Cash and cash equivalents at beginning of year	3,183,287	3,107,752
Cash and cash equivalents at the end of year	3,095,685	3,183,287
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,095,685	3,183,287
	3,095,685	3,183,287

The notes on pages 13 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. Company information

IEA Environmental Projects Limited is a private company, limited by shares and incorporated and registered in England and Wales. The registered office is as follows:

Pure Offices
Cheltenham Office Park
Hatherley Lane
Cheltenham
GL51 6SH

The principal activity of the company during the year was to continue to operate the IEA Greenhouse Gas R&D Programme ("the Programme") under the terms of the Implementing Agreement.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in the currency of the primary economic environment in which the company operates (its functional currency), which is the Sterling and rounded to the nearest £1.

2.2 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.

2.3 Turnover

Turnover represents total recharges to the IEA Greenhouse Gas R&D Programme during the year, excluding VAT. Income from member and sponsor contributions and the sale of services is collected by the company on behalf of the Programme and are transferred to the Programme net of costs incurred. The balance held on behalf of the Programme is included in creditors.

2.4 Consolidation

IEA Environmental Projects Limited owns 100% of the issued ordinary share capital of IEA Coal Research Limited but does not meet the definition of a subsidiary under FRS 102.

IEA Coal Research Limited is controlled by the Executive Committee for the IEA Clean Coal Centre as they are the body that govern the financial and operating policies of the company and appoint and terminate directorships.

In the absence of a parent subsidiary relationship consolidated financial statements are not prepared.

2.5 Operating leases

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.6 Valuation of investments**

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

2.7 Trade debtors

Trade debtors are amounts due from customers for services provided in the ordinary course of business. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

2.8 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

All financial assets and liabilities held by the Company at the balance sheet date are measured at amortised cost.

2.10 Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors falling due after one year.

Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

2.11 Foreign currency translation*Functional and presentation currency*

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.12 Pension costs and other post-retirement benefits****Defined benefit plan**

The company also 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 the cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

The valuation used for the disclosure has been based on a full assessment of the liabilities of the IWCSS plan as at 31 December 2015. 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 2015 and based on a detailed member calculations.

The results as at 31 March 2018 have been calculated by projecting forward the results of the 31 December 2015 funding valuation on a going concern basis. The results have then been adjusted by allowing for the FRS 102 financial and demographic assumptions.

Further details are given in note 14.

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.14 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and assumptions concerning the amount and recognition of assets and liabilities on the balance sheet, income and expenses and the disclosure of contingent liabilities are necessary when generating the financial statements.

For the future-based assumptions and estimates at the balance sheet date management are required to make realistic future assumptions which are industry specific. Key areas include useful economic life of assets. Management consider the following to be significant judgements and estimates:

Defined benefit scheme

The company operates a defined benefit pension scheme. Pension valuations, which require the use of estimates, have been performed using specialist advice obtained from independent qualified actuaries.

Doubtful debts

Trade debtors are recognised less any allowances for doubtful debts. The provision for doubtful debts is based on management judgement of the likelihood of receiving outstanding debts.

Stage of completion of technical studies

An accrual is made in the accounts for outstanding costs to be paid on technical studies. This is based on management judgement of the stage of completion at the balance sheet date.

On the date of the generation of the financial statements, there are no indications to imply that major changes to the fundamental assumptions and estimates are necessary.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Turnover

The whole of the turnover is 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.

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the company's annual financial statements	12,500	11,900
Fees payable to the company's auditors for other services	18,850	20,300
Fees payable to the company's auditors for taxation compliance services	1,000	700
Exchange differences	21,392	16,699
Other operating lease costs	50,028	47,011
	<u>103,770</u>	<u>96,610</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	469,677	471,763
Social security costs	51,363	52,329
Pension cost	51,074	48,327
	<u>572,114</u>	<u>572,419</u>

Pension costs include £nil (2017: £9,000), in respect of the current service cost under defined benefit pension schemes, representing amounts charged to operating profit. These amounts do not include amounts credited to other finance costs (see note 14) and amounts recognised after comprehensive income in respect of defined benefit pension schemes.

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Administration and technical staff	9	9
Management	1	1
	<u>10</u>	<u>10</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	63,343	91,621
	<u>63,343</u>	<u>91,621</u>

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined benefit pensions schemes. This director is the only employee participating in the scheme. Further details can be seen in Note 14.

8. Interest receivable

	2018 £	2017 £
Other interest receivable	5,637	4,932
Net interest on net defined benefit asset	9,000	8,000
	<u>14,637</u>	<u>12,932</u>

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	291	250
Adjustments in respect of previous periods	-	(782)
	<u>291</u>	<u>(532)</u>
 Taxation on profit on ordinary activities	 <u>291</u>	 <u>(532)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 20%) as set out below:

	2018 £	2017 £
Profit on ordinary activities before tax	21,291	37,468
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	3,990	7,494
Effects of:		
Prior year difference	-	(768)
Other differences leading to an decrease in the tax charge	(3,699)	(7,258)
Total tax charge for the year	291	(532)

10. Fixed asset investments

	Investments £
Cost or valuation	
At 1 April 2017	2
At 31 March 2018	2
Net book value	
At 31 March 2018	2
At 31 March 2017	2

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

10. Fixed asset 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 2018 amounted to £2 (2017: £2) and the result for the year 31 March 2018 was £Nil (2017: £Nil).

11. Debtors

	2018 £	2017 £
Trade debtors	147,241	216,768
Other debtors	3,209	26,034
Prepayments and accrued income	83,575	60,700
	<u>234,025</u>	<u>303,502</u>

12. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	114,547	97,521
Amounts owed to group undertakings	6,105	17,411
Amounts owed to IEA Greenhouse Gas R&D Programme	2,077,037	2,048,228
Corporation tax	291	250
Taxation and social security	14,935	-
Other creditors	97,918	142,946
Accruals and deferred income	1,018,779	1,180,335
	<u>3,329,612</u>	<u>3,486,691</u>

13. Share capital

	2018 £	2017 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Each ordinary share carries the right to one vote.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Pension commitments

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 £41,583 (2017: £39,327).

Defined benefit

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

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.

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	1,518,000	1,243,000
Current service cost (including employee contributions)	-	9,000
Interest cost	45,000	44,000
Actuarial gains/(losses)	256,000	253,000
Benefits paid	(47,000)	(31,000)
At the end of the year	1,772,000	1,518,000

	2018 £	2017 £
Reconciliation of fair value of plan assets		
At the beginning of the year	1,808,000	1,454,000
Interest income	54,000	52,000
Actuarial gains/(losses)	41,000	294,000
Contributions by employer	42,000	57,000
Contributions by employee	-	2,000
Benefits paid	(47,000)	(31,000)
Administration expenses	(30,000)	(20,000)
At the end of the year	1,868,000	1,808,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. Pension commitments (continued)

Composition of plan assets:

	2018 £	2017 £
UK equities	19,000	491,000
Oversea equities	45,000	1,147,000
UK corporate bonds	-	167,000
DGF	203,000	-
Government bonds	842,000	-
Multi Asset Credit	210,000	-
Property	145,000	-
Cash / other	404,000	3,000
Total plan assets	1,868,000	1,808,000

	2018 £	2017 £
Present value of liabilities	(1,772,000)	(1,518,000)
Fair value of plan assets	1,868,000	1,808,000
Surplus restriction	(96,000)	(290,000)
Net pension scheme liability	-	-

The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Current service cost	-	(7,000)
Net interest on benefit asset	9,000	8,000
Administration expenses	(30,000)	(20,000)
Total	(21,000)	(19,000)

The Company expects to contribute £nil to its defined benefit pension scheme in 2019.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2018	2017
Discount rate	2.3%	3.0%
Future salary increases	N/A	N/A
Future pension increases	3.2%	3.1%
Mortality rates		
Life expectancy of current pensioners (from age 60)	27.6	27.5
Life expectancy of future pensioners (from age 60)	28.8	28.6

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

Defined benefit pension schemes

	2018	2017	2016	2015	2014
	£	£	£	£	£
Defined benefit obligation	(1,772,000)	(1,518,000)	(1,243,000)	(1,221,000)	(1,009,000)
Scheme assets	1,868,000	1,808,000	1,454,000	1,445,000	1,203,000
Surplus	96,000	290,000	211,000	224,000	194,000

If the discount rate was increased by 0.5% (2017: 0.5%) per annum the funded status would become a surplus of £252,000 (2017: £414,000).

If the long term rate of improvement in longevity were to be taken at 1.75% (2017: 1.75%) per annum the funded status would become a surplus of £63,000 (2017: £267,000).

15. Related party transactions

The company made charges to IEA Greenhouse Gas R&D Programme of £1,261,523 (2017: £1,203,527).

IEA Coal Research Limited, its subsidiary undertaking, was owed £6,105 (2017: £17,411) at the balance sheet date. In the period £nil (2017: £29,529) was written off by IEA Coal Research Limited in favour of IEA Environmental Projects Limited as part of a settlement agreed between the two companies.

During the year IEA Coal Research Limited recharged expenses to the company of £4,028 (2017: £4,927).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

16. Controlling party

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.