

Company Registration No. 02168685 (England and Wales)

IEA ENVIRONMENTAL PROJECTS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

IEA ENVIRONMENTAL PROJECTS LTD

COMPANY INFORMATION

Directors	Dr M H Davies J B Lott Dr A J Minchener T E Dixon	(Appointed 1 June 2021)
Secretary	M Jocson	
Company number	02168685	
Registered office	Pure Offices Hatherley Lane Cheltenham England GL51 6SH	
Auditor	Azets Audit Services Pillar House 113-115 Bath Road Cheltenham Gloucestershire United Kingdom GL53 7LS	

IEA ENVIRONMENTAL PROJECTS LTD

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IEA ENVIRONMENTAL PROJECTS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

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 16 countries, the European Commission and the Organisation of Petroleum Exporting Countries ("OPEC"), and 18 industrial sponsors. The Programme's purpose is to provide information on technologies for the abatement of greenhouse gas emissions from the use of fossil fuels and biomass, in power and industrial systems, other energy carriers and energy integrated systems. The members are represented through an Executive Committee ("ExCo").

The company operates the Programme under the terms of the Implementing Agreement, dated 20th November 1991 and as last amended with effect from 16th August 2017.

The primary members of the 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.

The Programme continues to research and disseminate information on the subject of greenhouse gas mitigation from the power and industry sectors. The research topics are agreed by the members at the six-monthly ExCo meetings. The results of the research topics are disseminated electronically and by social media outlets and webinars.

The company has expanded its current activities and from 2018 now also operates the secretariat for the new Clean Energy Ministerial Carbon Capture, Utilization and Storage Initiative ("CEM CCUS"). This initiative currently has 12 country members, each one of which will contribute an annual sum for the company to operate the CEM CCUS Initiative secretariat. The company has also taken over the Carbon Sequestration Leadership Forum Capacity Building Fund which is used to support developing country member support for the CEM CCUS Initiative.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr M H Davies

J B Lott

Dr A J Minchener

J J Gale

T E Dixon

(Resigned 31 May 2021)

(Appointed 1 June 2021)

IEA ENVIRONMENTAL PROJECTS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Financial instruments

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 or other foreign currencies 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.

Future developments

The Programme's mandate to operate under the IEA Energy Technology Network platform has been extended for a further 5 years to November 2026. It has been agreed with the Programme members that the company will continue as the Operating Agent for this new five- year period. A Strategic Plan was agreed for the new operating period that continues the four main core activities of the Programme;

- technical assessments;
- facilitating implementation;
- international cooperation; and
- dissemination of the Programme's results.

The Programme's flagship activity, the Greenhouse Gas Control Technologies Conference (GHGT-15), was held nominally from Abu Dhabi in March 2021, with the conference itself held fully remotely due to Covid-19 restrictions. Planning is now well underway for the next event in the series (GHGT-16) to be held in Lyon, France in 2022.

With increased emphasis on the need for climate mitigation following the Paris Agreement in 2015, the Intergovernmental Panel on Climate Change report in 2018, and the IEA Energy Technology Perspectives report in 2020, the Programme will aim to expand its current membership with emphasis on aiming to recruit members from the new Association members of the International Energy Agency.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

M Jocson
Secretary

17 December 2021

IEA ENVIRONMENTAL PROJECTS LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF IEA ENVIRONMENTAL PROJECTS LTD

Opinion

We have audited the financial statements of IEA Environmental Projects Ltd (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

IEA ENVIRONMENTAL PROJECTS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF IEA ENVIRONMENTAL PROJECTS LTD

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 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

IEA ENVIRONMENTAL PROJECTS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF IEA ENVIRONMENTAL PROJECTS LTD

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

IEA ENVIRONMENTAL PROJECTS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF IEA ENVIRONMENTAL PROJECTS LTD

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Claire Clift (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

23 December 2021

Chartered Accountants
Statutory Auditor

Pillar House
113-115 Bath Road
Cheltenham
Gloucestershire
United Kingdom
GL53 7LS

IEA ENVIRONMENTAL PROJECTS LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	1,645,726	1,724,848
Administrative expenses		(1,574,113)	(1,706,280)
Operating profit	4	71,613	18,568
Interest receivable and similar income	7	13,518	24,432
Profit before taxation		85,131	43,000
Tax on profit	8	(1,131)	-
Profit for the financial year		84,000	43,000

The profit and loss account has been prepared on the basis that all operations are continuing operations.

IEA ENVIRONMENTAL PROJECTS LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	84,000	43,000
Other comprehensive income		
Actuarial loss on defined benefit pension schemes	(347,000)	(21,000)
Movement in pension surplus not recognised	-	(22,000)
Previously unrecognised pension surpluses	263,000	-
Other comprehensive income for the year	(84,000)	(43,000)
Total comprehensive income for the year	-	-

IEA ENVIRONMENTAL PROJECTS LTD

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	9		2		2
Current assets					
Debtors	11	208,571		238,012	
Cash at bank and in hand		3,089,881		3,167,203	
		<u>3,298,452</u>		<u>3,405,215</u>	
Creditors: amounts falling due within one year	12	(3,284,354)		(3,405,117)	
Net current assets			14,098		98
Total assets less current liabilities			<u>14,100</u>		<u>100</u>
Provisions for liabilities					
Defined benefit pension liability	13	14,000		-	
		<u>(14,000)</u>		<u>-</u>	
Net assets			<u>100</u>		<u>100</u>
Capital and reserves					
Called up share capital	14		100		100
			<u>100</u>		<u>100</u>

The financial statements were approved by the board of directors and authorised for issue on 17 December 2021 and are signed on its behalf by:

J B Lott
Director

T E Dixon
Director

Company Registration No. 02168685

IEA ENVIRONMENTAL PROJECTS LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2019	100	-	100
Year ended 31 March 2020:			
Profit for the year	-	43,000	43,000
Other comprehensive income:			
Movements on defined benefit pension schemes	-	(43,000)	(43,000)
Total comprehensive income for the year	-	-	-
Balance at 31 March 2020	100	-	100
Year ended 31 March 2021:			
Profit for the year	-	84,000	84,000
Other comprehensive income:			
Movements on defined benefit pension schemes	-	(84,000)	(84,000)
Total comprehensive income for the year	-	-	-
Balance at 31 March 2021	100	-	100

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

IEA Environmental Projects Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Pure Offices, Hatherley Lane, Cheltenham, England, GL51 6SH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Rio Tinto Plc. These consolidated financial statements are available from its registered office, 6 St James's Square, London, United Kingdom, SW1Y 4AD.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

IEA Environmental Projects Ltd is a wholly owned subsidiary of Rio Tinto International Holdings Ltd and the results of IEA Environmental Projects Ltd are included in the consolidated financial statements of Rio Tinto Plc which are available from the registered office at 6 St James's Square, London, SW1Y 4AD or from the Rio Tinto website at www.riotinto.com.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.3 Turnover

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

1.4 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.10 Retirement benefits

Defined benefit retirement benefit scheme

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Defined contribution retirement benefit schemes

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Defined benefit plans

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.

Stage of completion of technical studies

An adjustment is made in the financial statements for costs to be paid on technical studies. This is based on management judgment of the stage of completion at the balance sheet date.

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

3 Turnover

The whole of the turnover is attributable to the one principal activity of the company.

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	53,673	(31,037)
Fees payable to the company's auditor for the audit of the company's financial statements	10,150	7,863
Operating lease charges	46,884	46,694
	<u> </u>	<u> </u>

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Administration and technical staff	10	9
Management	1	1
Total	11	10

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	481,615	466,337
Social security costs	53,166	52,946
Pension costs	1,033	(1,004)
	535,814	518,279

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	7,775	15,174

At the balance sheet date, the number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2020 - 1).

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	5,518	18,432
Interest on the net defined benefit asset	8,000	6,000
Total income	13,518	24,432

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Taxation

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	1,131	-

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	85,131	43,000
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	16,175	8,170
Other permanent differences	(16,175)	(8,170)
Under/(over) provided in prior years	1,131	-
Taxation charge for the year	1,131	-

While an increase in the main rate of Corporation Tax to 25% has been proposed to take effect from 1 April 2023, this had not been substantively enacted at the balance sheet date.

9 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	10	2	2

10 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
IEA Coal Research Limited	1	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 27 Old Gloucester Street, London, United Kingdom, WC1N 3AX

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	140,244	147,572
Other debtors	30,073	20,218
Prepayments and accrued income	38,254	70,222
	<u>208,571</u>	<u>238,012</u>

12 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	142,195	40,482
Amounts owed to group undertakings	2,654	1,916
Amounts owed to IEA Greenhouse Gas R&D Programme	1,952,598	2,107,577
Corporation tax	46	-
Other taxation and social security	12,709	14,166
Other creditors	864,202	898,226
Accruals and deferred income	309,950	342,750
	<u>3,284,354</u>	<u>3,405,117</u>

13 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

With effect from 1 April 2008, employees (except for those participating in the the Industry Wide Coal Staff Superannuation Scheme Defined Benefit Scheme (the "IWCSSS")) are eligible to join the defined contribution section of the Rio Tinto Pension Fund.

The cost of the contributions to the defined contribution section of the Rio Tinto Pension Fund in the year amounted to £Nil (2020: £Nil).

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Retirement benefit schemes

(Continued)

Defined benefit schemes

The company operates a defined benefit scheme, the IWCSSS, with benefits provided on a defined benefit basis.

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 IWCSSS plan as at 31 December 2018. 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 2018 and based on a detailed member calculations.

The results as at 31 March 2021 and 31 March 2020 have been calculated by projecting forward the results of the 31 December 2018 funding valuation on a going concern basis. The results have then been adjusted by allowing for the FRS 102 financial and demographic assumptions.

	2021	2020
	%	%
<i>Key assumptions</i>		
Discount rate	1.9	2.7
Expected rate of increase of pensions in payment	3.3	2.5
Expected rate of salary increases	N/A	N/A
	=====	=====
<i>Mortality assumptions</i>		
Assumed life expectations at age 60:	2021	2020
	Years	Years
Life expectancy of current pensioners (from aged 60)		
- Males	27.5	27.8
	=====	=====
Life expectancy of future pensioners (from aged 60)		
- Males	28.5	28.4
	=====	=====
	2021	2020
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Net interest on net defined benefit liability/(asset)	(8,000)	(6,000)
Other costs and income	13,000	24,000
	=====	=====
Total costs	5,000	18,000
	=====	=====

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Retirement benefit schemes

(Continued)

	2021 £	2020 £
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(115,000)	29,000
Less: calculated interest element	51,000	48,000
Return on scheme assets excluding interest income	(64,000)	77,000
Actuarial changes related to obligations	411,000	(56,000)
Effect of changes in the amount of surplus that is not recoverable	-	22,000
Reversal of previous restriction on scheme assets	(263,000)	-
Total costs	84,000	43,000

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2021 £	2020 £
Present value of defined benefit obligations	2,022,000	1,620,000
Fair value of plan assets	(2,008,000)	(1,883,000)
Deficit/(surplus) in scheme	14,000	(263,000)
Restriction on scheme assets	-	263,000
Total liability recognised	14,000	-

	2021 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 April 2020	1,620,000
Benefits paid	(52,000)
Actuarial gains and losses	411,000
Interest cost	43,000
At 31 March 2021	2,022,000

The defined benefit obligations arise from plans which are wholly or partly funded.

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Retirement benefit schemes

(Continued)

	2021 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2020	1,883,000
Interest income	51,000
Return on plan assets (excluding amounts included in net interest)	64,000
Benefits paid	(52,000)
Contributions by the employer	75,000
Other	(13,000)
At 31 March 2021	<u>2,008,000</u>

The actual return on plan assets was £115,000 (2020 - £29,000).

	2021 £	2020 £
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	100,000	58,000
Debt instruments	233,000	135,000
Diversified Growth Fund	-	185,000
Government bonds	1,123,000	1,190,000
Multi Asset Credit	330,000	158,000
Property	67,000	65,000
Cash / other	155,000	92,000
	<u>2,008,000</u>	<u>1,883,000</u>

If the discount rate was increased by 0.5% (2020: 0.5%) per annum the funded status would become a surplus of £166,000 (2020: £386,000). If the long-term rate of improvement in longevity were to be taken as 1.5% (2020: 1.5%) per annum the funded status would become a deficit of £39,000 (2020: surplus of £246,000).

IEA ENVIRONMENTAL PROJECTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Each Ordinary Share carries the right to one vote each.

15 Related party transactions

The company acts as Operating Agent for IEA Greenhouse Gas R&D Programme ("the Programme") and all financial transactions, assets and liabilities of the Programme are held in the company's name. During the year, the company made charges to the Programme of £1,527,272 (2020: £1,606,308) and as at the balance sheet date £1,952,198 (2020: 2,107,577) was held by the company on behalf of the Programme.

During the year, IEA Coal Research Limited, the company's subsidiary undertaking, recharged expenses to the company of £3,222 (2020: £2,739) and as at the balance sheet date £2,654 (2020: £1,916) was owed to by the company to IEA Coal Research Limited.

16 Ultimate controlling party

The company's parent company is Rio Tinto Holdings Limited.

The ultimate parent undertaking and ultimate controlling party, and the smallest and largest group in which the financial statements of the company are consolidated, is Rio Tinto Plc, a company registered in England and Wales. The financial statements for Rio Tinto Plc can be obtained from the registered office at Rio Tinto Plc, 6 St James's Square, London, SW1Y 4AD or from the Rio Tinto website at www.riotinto.com.

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