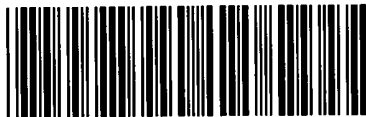


Registered number: 02732548

**LONDONENERGY LTD
(FORMERLY LONDONWASTE LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

THURSDAY



A7AIQE01

A16

19/07/2018

#189

COMPANIES HOUSE

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

COMPANY INFORMATION

Directors	P D Wynn (appointed 26 January 2017) M B Dunn (resigned 30 June 2017) R L Georgeson S L Forrest D J Lloyd T L Songini (appointed 19 June 2017) A P Sharpe M B Czulowski J E Kendall (appointed 27 July 2017) N Grogan (resigned 18 April 2017)
Company secretary	M B Czulowski
Registered number	02732548
Registered office	Ecopark, Advent Way Edmonton London N18 3AG
Independent auditors	Moore Stephens LLP Statutory Auditor & Chartered Accountants 150 Aldersgate Street London United Kingdom EC1A 4AB

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12 - 13
Notes to the Financial Statements	14 - 33

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Review of the Business

The principal business of LondonEnergy is the generation of electricity from the thermal treatment of waste treatment and the recycling and transfer of waste.

LondonEnergy had a positive trading year. Despite challenges around availability in the Energy from Waste plant during the year electricity export was on budget. The Company was also able to process some third-party waste generating higher than budgeted profitability. Higher than expected prices for metal recyclates also positively impacted on revenue and profitability.

The Company delivered an award-winning training initiative to promote a best practice Safety culture across the organisation. This was the first year of a three-year programme.

The Company re-branded as LondonEnergy Limited on 5th September 2017. This is an important milestone for the Company marking a clear cultural change for the Company ethos to successfully meet the challenges of the future as a key player in delivering London's circular economy.

Principle risks and uncertainties

Volatility in electricity prices is actively managed by the Company to minimise short and medium-term market risk.

The electricity generating capacity of the Company is reliant on maintaining the resilience and availability of the ageing plant. In order to achieve this the Company embarked on a four-year life extension programme in the Energy Centre in 2016 and this planned capital investment continued through 2017.

The Company holds surplus funds in a current account and on deposit and these balances are subject to the risk of failure by the institutions holding them. The risk is minimised by assessing the financial stability of the banks holding these funds.

The Company has a defined benefit pension scheme which has been closed to new entrants since 2004. Regular employer pension contributions are made to the fund in respect of current service and lump sum contributions in respect of past service, as well as meeting the fund's expenses. In order to remove risk from the scheme the trustees have a long-term plan to gradually switch investment in equities into bonds as the scheme heads towards maturity. As at December 2017 the scheme has a surplus, which the Company has not recognised as an asset.

Analysis of the development and performance of the business

The Company operates a waste management contract for the North London Waste Authority (NLWA) which extends to 31 December 2025 and for Hertfordshire County Council which expires on 31 December 2020.

Analysis of the position of the business

The Company successfully delivered the requirements of its waste contracts through 2017 and had sufficient excess capacity to manage some spot market third party waste, generating additional revenue and profitability.

The balance sheet as at 31 December 2017 is strong with cash reserves of £22,634,000 and the Company has been debt free for several years. The current programme of capital investment in the life extension programme in the Energy Centre whilst fundable within Company resources will require a significant element of the Company's cash reserves.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

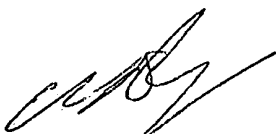
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Analysis using financial key performance indicators

Turnover for the year was £62,301,000 and the profit before tax was £68,000. The Statement of Financial Position on page 10 of the financial statements shows that the Company's net assets of £59,467,000 increased 0.4% on the previous year.

The Company is committed to maximising the percentage of waste which is either recycled or converted to electricity and to minimising the amount of waste being landfilled. In 2017 the amount recycled or converted to electricity totalled 95% (2016: 91%).

This report was approved by the board on *22nd March 2018* and signed on its behalf.



A P Sharpe
Director

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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.

Results and dividends

The profit for the year, after taxation, amounted to £427,000 (2016: £2,229,000).

The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who served during the year were:

P D Wynn - Chair (appointed 26 January 2017)
M B Dunn (resigned 30 June 2017)
R L Georgeson
S L Forrest
D J Lloyd
T L Songini (appointed 19 June 2017)
A P Sharpe
M B Czulowski
J E Kendall (appointed 27 July 2017)
N Grogan (resigned 18 April 2017)

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Employment Policies

People with disabilities

The Company operates an equal opportunities employment policy and is opposed to all forms of discrimination.

Applicants for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate adjustments and training are arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee Involvement

The Company recognises the importance of its employees and is committed to effective two-way communication and consultation.

Company policies and procedures are published on the Company intranet, which is accessible to all employees.

The Company communicates information of concern to employees in a number of ways; by team briefing, newsletter, through union representation and by direct communication. The information in these publications and briefings covered a wide range of subjects that affect the business.

Where it is identified that operational changes are required to meet business or health and safety needs which affect employees the Company consults with groups and individuals at both a functional and Company-wide level.

An employee survey is undertaken in December of each year to seek input from employees to inform the Company's employee strategies.

The Company has embarked on a three-year training initiative to promote best practice in Health and Safety by all employees.

The Company encourages the involvement of employees in the performance of the Company through participation in a bonus scheme on successful achievement of Company performance targets.

The Company recognises the rights of every employee to join a trade union and participate in its activities.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Gender Pay Gap

The Company has calculated the gender pay gap in the organisation in April 2017. The mean gender pay gap is: -12.65%. The mean pay for women is higher. The median gender pay gap is: -6.91%. The median pay for women is higher. The mean bonus pay gap is: -67.1%. The mean bonus pay for women is higher. The median bonus pay gap is: 68.2%. The median bonus pay for men is higher. The percentage in each pay quartile by gender is:

Quartile	Men	Women	Number of men in quartile	Number of women in quartile
1 st	26%	15%	96%	4%
2 nd	23.5%	40%	88%	12%
3 rd	25%	30%	91%	9%
4 th	25.5%	15%	95%	5%

The Company is actively seeking to encourage more women to join, promoting highly skilled opportunities for graduates and apprentices.

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.

Auditors

The auditors, Moore Stephens LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors Report have been omitted as they are included in the Strategic Report on pages 1-2. These matters relate to the principal activity and financial risk.

This report was approved by the board on **22nd MARCH 2018** and signed on its behalf.



A P Sharpe
Director

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

Opinion

We have audited the financial statements of LondonEnergy Ltd (formerly LondonWaste Limited) for the year ended 31 December 2017, set out on pages 9 to 33. 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).

This report is made solely to the Company's members, 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 members those matters we are required to state to them in an Auditors' 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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 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 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 financial statements 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 financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED) (CONTINUED)

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 financial statements or our knowledge obtained in 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 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report and 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 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.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDONENERGY LTD (FORMERLY LONDONWASTE 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 financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.



Nick Bennett (Senior Statutory Auditor)

for and on behalf of
Moore Stephens LLP

Statutory Auditor
Chartered Accountants

150 Aldersgate Street
London
United Kingdom
EC1A 4AB

Date: 8 May 2018

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

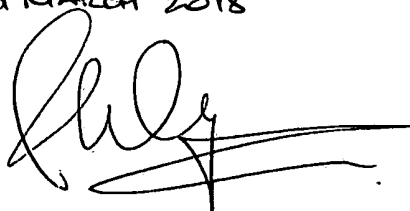
	Note	2017 £000	2016 £000
Turnover	4	62,301	61,685
Cost of sales		(52,293)	(49,699)
Gross profit		10,008	11,986
Administrative expenses		(9,992)	(9,354)
Operating profit	5	16	2,632
Interest receivable and similar income	9	63	86
Interest payable and expenses	10	(36)	(51)
Other finance income/(costs)	11	25	99
Profit before tax		68	2,766
Tax on profit	12	359	(537)
Profit for the financial year		427	2,229
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		1,538	(1,961)
Pension scheme surplus movement not recognised		(1,695)	1,643
Other comprehensive income for the year		(157)	(318)
Total comprehensive income for the year		270	1,911

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)
REGISTERED NUMBER: 02732548

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	13	41,737	39,333
		<u>41,737</u>	<u>39,333</u>
Current assets			
Stocks	14	1,931	1,822
Debtors: amounts falling due within one year	15	8,993	9,694
Cash at bank and in hand		22,634	26,852
		<u>33,558</u>	<u>38,368</u>
Creditors: amounts falling due within one year	16	(13,103)	(15,279)
Net current assets		<u>20,455</u>	<u>23,089</u>
Total assets less current liabilities		<u>62,192</u>	<u>62,422</u>
Provisions for liabilities			
Deferred tax	18	(1,975)	(2,702)
Other provisions		(750)	(523)
		<u>(2,725)</u>	<u>(3,225)</u>
Net assets		<u><u>59,467</u></u>	<u><u>59,197</u></u>
Capital and reserves			
Called up share capital	20	31,196	31,196
Share premium account		1,648	1,648
Profit and loss account		26,623	26,353
		<u>59,467</u>	<u>59,197</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
22nd MARCH 2018



P D Wynn
Director



A P Sharpe
Director

The notes on pages 14 to 33 form part of these financial statements.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	31,196	1,648	26,353	59,197
Comprehensive income for the year				
Profit for the year	-	-	427	427
Other comprehensive income: movement on pension scheme surplus	-	-	(157)	(157)
At 31 December 2017	31,196	1,648	26,623	59,467

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	31,196	1,648	24,442	57,286
Comprehensive income for the year				
Profit for the year	-	-	2,229	2,229
Other comprehensive income: movement on pension scheme surplus	-	-	(318)	(318)
At 31 December 2016	31,196	1,648	26,353	59,197

The notes on pages 14 to 33 form part of these financial statements.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	£000	£000
Cash flows from operating activities		
Profit for the financial year	427	2,229
Adjustments for:		
Depreciation of tangible assets	4,845	4,387
Loss on disposal of tangible assets	-	(17)
Interest paid	36	51
Interest received	(63)	(86)
Taxation charge/(credit)	(359)	537
(Increase) in stocks	(109)	(178)
Decrease/(increase) in debtors	1,069	(1,832)
(Increase)/decrease in amounts owed by groups	(366)	954
(Decrease)/increase in creditors	(3,142)	5,965
Increase in provisions	227	523
Increase/(decrease) in amounts owed to groups	1,170	(6)
(Decrease) in net pension assets/liabs	(132)	(219)
Corporation tax (paid)	(574)	(1,025)
Other finance (income)/costs	(25)	(99)
Net cash generated from operating activities	3,004	11,184
Cash flows from investing activities		
Purchase of tangible fixed assets	(7,249)	(5,930)
Interest received	63	86
Sale of tangible fixed assets	-	17
Net cash from investing activities	(7,186)	(5,827)

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £000	2016 £000
Cash flows from financing activities		
Interest paid	(36)	(51)
Net cash used in financing activities	<u>(36)</u>	<u>(51)</u>
Net (decrease)/increase in cash and cash equivalents	(4,218)	5,306
Cash and cash equivalents at beginning of year	26,852	21,546
Cash and cash equivalents at the end of year	<u>22,634</u>	<u>26,852</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	22,634	26,852
	<u>22,634</u>	<u>26,852</u>

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company for the period ended 31 December 2017 and presented to the nearest £'000.

The Company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is Ecopark, Advent Way, Edmonton, London, N18 3AG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

These financial statements represent the individual entity and not the consolidated financial group position.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information will be included in the consolidated financial statements of North London Waste Authority as at 31 March 2018 and these financial statements may be obtained from <http://www.nlwa.gov.uk/>.

2.3 Turnover

Revenue is recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax. Revenue is recognised when an amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. This will take effect either when waste is delivered by a customer, electricity is exported or operational services are provided.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 5-7% per annum on cost
Plant and machinery	- 6.66-20% per annum on cost
Motor vehicles	- 12.5-25% per annum on cost
Office equipment	- 12.5-25% per annum on cost
Works on freehold land	- 2% per annum on cost
Capital work in progress	- not depreciated until brought into use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Stocks

Stocks consist of consumables and are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.7 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.11 Pensions

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 Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

If the scheme is in deficit then the liability is recognised in the Statement of Financial Position in respect of the defined benefit plan as the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled. If the scheme is in surplus then the company does not recognise an asset as it does not have unconditional right to cover the surplus through reduced contributions in the future or through refunds from the plan.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest income is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This income is recognised in the statement of comprehensive income as a 'other finance income'.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.15 Grants received

Government grants received on capital expenditure are initially recognised within deferred income on the company's statement of financial position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.16 Insurance proceeds

Insurance proceeds are recognised in the period to which relevant losses relate, and thereafter in subsequent periods as and when a reliable estimate of the amount receivable can be made.

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 13)

Tangible fixed assets, other than freehold land, are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Pension scheme assets/liabilities (see note 22)

The calculation of the defined benefit pension scheme valuation involves the use of actuarial assumptions.

4. Turnover

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

All turnover arose within the United Kingdom.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£000	£000
Depreciation of tangible fixed assets	4,845	4,387
Amortisation of grants	(113)	(113)
Rent - operating leases	110	107
Other operating leases	775	758
Defined benefit pension cost	470	409
	=====	=====

During the year, the value of inventories that were expensed into the profit and loss account amounted to £2,068,000.

6. Auditors' remuneration

	2017	2016
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	39	37
	=====	=====
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	7	7
All other services	4	4
	=====	=====
	11	11
	=====	=====

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Employees

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

	2017	2016
	£000	£000
Wages and salaries	12,529	11,839
Social security costs	1,281	1,161
Cost of defined benefit scheme	470	409
Cost of defined contribution scheme	197	190
	14,477	13,599

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

	2017	2016
	No.	No.
Average number of persons employed by the company	286	267

8. Directors' remuneration

	2017	2016
	£000	£000
Directors' emoluments	612	570
Company contributions to defined contribution pension schemes	27	22
Compensation for loss of office	30	30
	669	622

During the year retirement benefits were accruing to 6 directors (2016: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £215,000 (2016: £187,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2016: £15,000).

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Interest receivable

	2017 £000	2016 £000
Other interest receivable	63	86
	63	86

10. Interest payable and similar charges

	2017 £000	2016 £000
Loans from group undertakings	36	51
	36	51

11. Other finance income/(costs)

	2017 £000	2016 £000
Interest income on pension scheme assets	847	1,060
Interest cost on pension scheme liabilities	(822)	(961)
	25	99

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	308	766
Adjustments in respect of previous periods	61	2
Total current tax	369	768
Deferred tax		
Origination and reversal of timing differences	(271)	(48)
Changes to tax rates	-	(161)
Adjustment in respect of previous periods	(457)	(22)
Total deferred tax	(728)	(231)
Taxation on profit on ordinary activities	(359)	537

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: *lower than*) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	68	2,766
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	13	553
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	40	248
Adjustments to tax charge in respect of prior periods	61	(19)
Adjustments to deferred tax in respect of previous periods	(457)	8
Adjustment of deferred tax to average rate of 19.25% (2016: 20%)	89	(162)
Non-taxable income	(22)	(23)
Additional deduction for land remediation expenditure	-	(5)
Other permanent differences	(53)	(63)
Deferred tax not recognised	(30)	-
Total tax charge for the year	(359)	537

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Capital work in progress £000	Total £000
Cost or valuation						
At 1 January 2017	31,974	86,850	1,822	7,543	1,995	130,184
Additions	-	-	-	267	6,982	7,249
Disposals	-	-	-	(22)	-	(22)
Transfers between classes	434	7,506	-	109	(8,049)	-
At 31 December 2017	32,408	94,356	1,822	7,897	928	137,411
Depreciation						
At 1 January 2017	17,211	65,327	1,440	6,873	-	90,851
Charge for the year on owned assets	442	3,948	205	250	-	4,845
Disposals	-	-	-	(22)	-	(22)
At 31 December 2017	17,653	69,275	1,645	7,101	-	95,674
Net book value						
At 31 December 2017	14,755	25,081	177	796	928	41,737
At 31 December 2016	14,763	21,523	382	670	1,995	39,333

Included in land and buildings is freehold land at cost of £11,775,000 (2016: £11,775,000) which is not depreciated.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Stocks

	2017	2016
	£000	£000
Consumables	1,931	1,822
	1,931	1,822

15. Debtors

	2017	2016
	£000	£000
Trade debtors	1,305	1,624
Amounts owed by group undertakings	5,635	5,269
Other debtors	1	1
Prepayments and accrued income	2,052	2,800
	8,993	9,694

16. Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	4,248	4,900
Amounts owed to group undertakings	1,407	237
Corporation tax	187	391
Other taxation and social security	66	702
Other creditors	145	67
Accruals and deferred income	7,050	8,982
	13,103	15,279

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Financial instruments

	2017 £000	2016 £000
Financial assets		
Financial assets measured at fair value through profit or loss	22,634	26,852
Financial assets that are debt instruments measured at amortised cost	6,940	6,895
	<u>29,574</u>	<u>33,747</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(12,850)	(14,185)
	<u>(12,850)</u>	<u>(14,185)</u>

Financial assets measured at fair value through profit or loss comprise cash.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, amounts owed to group companies and other creditors.

18. Deferred taxation

	2017 £000
At beginning of year	(2,703)
Charged to profit or loss	728
At end of year	<u>(1,975)</u>

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	(1,975)	(2,703)
	<u>(1,975)</u>	<u>(2,703)</u>

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Provisions

	2017 £000
At 1 January 2017	523
Utilisation of provision	(523)
2017 restructuring provision	750
At 31 December 2017	750

In December 2016, the Company announced a restructuring of working practices and consolidation of employee terms and conditions. A provision of £523,000 was made in the prior year Company accounts for the potential costs associated with this programme.

The Company has made a provision of £750,000 in the current year in relation to costs associated with the restructuring of operations.

20. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
31,195,874 Ordinary shares of £1 each	31,196	31,196

The share premium reserve reflects consideration received for shares issued above the nominal value of the shares. There is no restriction on the use of this amount.

21. Capital commitments

At 31 December 2017 the Company had capital commitments as follows:

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	1,875	4,229
	1,875	4,229

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. Pension commitments

The company's pension arrangements comprise a group personal pension scheme (defined contribution scheme) and a defined benefit scheme. The most recent actuarial valuation for the defined benefit scheme took place on the 1st January 2015.

Defined contribution scheme

During the year the company made contributions of £196,000 (2016: £190,000) to its defined contribution scheme and other personal pension arrangements for employees.

Defined benefit scheme

The LondonWaste Limited pension scheme is a final salary scheme plan available to qualifying employees of the company.

Reconciliation of present value of plan assets and liabilities:

	2017 £000	2016 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	(31,356)	(25,625)
Current service cost	(470)	(409)
Interest cost	(822)	(961)
Actuarial gains/(losses)	503	(5,902)
Contributions	(110)	(115)
Benefits paid	807	1,656
At the end of the year	(31,448)	(31,356)

	2017 £000	2016 £000
Reconciliation of present value of plan assets		
At the beginning of the year	32,000	27,912
Interest income	847	1,060
Actuarial gains/(losses)	1,036	3,941
Contributions	712	743
Benefits paid	(807)	(1,656)
At the end of the year	33,788	32,000

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. Pension commitments (continued)

Composition of plan assets:

	2017 %	2016 %
Equity	35	50
Debt	19	13
Other	46	37
Total plan assets	100	100

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced.

	2017 £000	2016 £000
Fair value of plan assets	33,788	32,000
Present value of plan liabilities	(31,448)	(31,356)
Less derecognition of surplus	(2,340)	(644)
Net pension scheme liability	-	-

The company has not recognised the pension surplus as an asset as it does not have the unconditional right to cover the surplus through reduced contributions in the future or through refunds from the plan.

The amounts recognised in profit or loss in respect of the pension scheme are as follows:

	2017 £000	2016 £000
Current service cost	(470)	(409)
Interest cost on defined benefit obligation	(822)	(961)
Interest income on scheme assets	847	1,060
Total	(445)	(310)

The current service cost is £470,000 (2016: £409,000) included in cost of sales. The net finance income on scheme assets and obligations is £25,000 (2016: £99,000) included in other finance income/ costs.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. Pension commitments (continued)

	2017 £000	2016 £000
Analysis of actuarial (loss)/gain recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	1,036	3,941
Experience gains and (losses) arising on the scheme liabilities	(68)	105
Changes in assumptions underlying the present value of the scheme liabilities	570	(6,007)
	1,538	(1,961)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2017 %	2016 %
Discount rate at 31 December	2.45	2.65
Future salary increases	3.70	3.70
Future pension increases	3.30	3.30

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

Defined benefit pension schemes

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Defined benefit obligation	(31,449)	(31,356)	(25,625)	(28,085)	(24,571)
Scheme assets	31,449	31,356	25,625	27,121	24,105
Deficit	-	-	-	(964)	(466)
Experience adjustments on scheme liabilities	(68)	105	1,903	371	140
Experience adjustments on scheme assets	1,036	3,941	(957)	761	1,967
	968	4,046	946	1,132	2,107

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

23. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Plant and Machinery		
Not later than 1 year	1,186	775
Later than 1 year and not later than 5 years	2,584	1,160
Later than 5 years	489	-
	<u>4,259</u>	<u>1,935</u>
	2017 £000	2016 £000
Land and Buildings		
Not later than 1 year	113	110
Later than 1 year and not later than 5 years	487	456
Later than 5 years	394	473
	<u>994</u>	<u>1,039</u>

24. Related party transactions

The directors are of the opinion that, as at 31 December 2017, the company is 100% owned and controlled by the North London Waste Authority (NLWA). Balances and transactions between the Company and NLWA are not disclosed, as permitted by the exemption contained in Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.11A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

25. Controlling party

The immediate and ultimate parent company is North London Waste Authority, an entity established in the United Kingdom, whose registered office is North London Waste Authority, Berol House, Unit 1B, 25 Ashley Rd, Tottenham, London, N17 9LJ.

The smallest and largest group into which the results of the Company are consolidated is North London Waste Authority. These financial statements are available to the public and may be obtained from the registered office or website at <http://www.nlwa.gov.uk/>.

LONDONENERGY LTD (FORMERLY LONDONWASTE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

26. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Holding	Principal activity
LondonWaste Recycling Limited	100 %	Dormant
London EcoPark Limited	100 %	Dormant
EcoPark Limited	100 %	Dormant
LondonWaste Limited	100 %	Dormant
North LondonEnergy Limited	100 %	Dormant
North LondonEco Limited	100 %	Dormant
LondonEco Limited	100 %	Dormant
North London Heat and Power Limited	100 %	Dormant