

**Company Registration No. 05451235 (England and Wales)**

**ENERGYBUILD GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
**PAGES FOR FILING WITH REGISTRAR**

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# ENERGYBUILD GROUP LIMITED

## COMPANY INFORMATION

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**Directors** Mr D Stickel  
Mr D J S Maling (Appointed 1 June 2016)

**Company number** 05451235

**Registered office** Aberpergwm Colliery  
Engine Cottage Site  
Glynneath  
NEATH  
UK  
SA11 5AJ

**Auditor** Broomfield & Alexander Limited  
Charter Court  
Phoenix Way  
Enterprise Park  
SWANSEA  
UK  
SA7 9FS

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# **ENERGYBUILD GROUP LIMITED**

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# ENERGYBUILD GROUP LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Investments	3	4,450	4,450
<b>Current assets</b>			
Debtors	5	28	28
<b>Creditors: amounts falling due within one year</b>	6	(6,659)	(5,674)
<b>Net current liabilities</b>		(6,631)	(5,646)
<b>Total assets less current liabilities</b>		(2,181)	(1,196)
<b>Capital and reserves</b>			
Called up share capital	7	56,157	56,157
Share premium account		64,839	64,839
Other reserves		23,985	23,985
Profit and loss reserves		(147,162)	(146,177)
<b>Total equity</b>		(2,181)	(1,196)

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27.12.2017 and are signed on its behalf by:



Mr D J S Maling  
Director

Company Registration No. 05451235

# ENERGYBUILD GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £'000	Share premium account £'000	Capital contribution £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2015</b>	56,157	64,839	-	(139,623)	(18,627)
<b>Year ended 31 December 2015:</b>					
Loss and total comprehensive income for the year	-	-	-	(6,554)	(6,554)
Capital contribution	-	-	23,985	-	23,985
<b>Balance at 31 December 2015</b>	56,157	64,839	23,985	(146,177)	(1,196)
<b>Year ended 31 December 2016:</b>					
Loss and total comprehensive income for the year	-	-	-	(985)	(985)
<b>Balance at 31 December 2016</b>	56,157	64,839	23,985	(147,162)	(2,181)

# ENERGYBUILD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies**

#### **Company information**

Energybuild Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Aberpergwm Colliery, Engine Cottage Site, Glynneath, NEATH, UK, SA11 5AJ.

#### **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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £'000.

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.

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.

Energybuild Group Limited is a wholly owned subsidiary of Walter Energy, Inc. and the results of Energybuild Group Limited are included in the consolidated financial statements of Walter Energy, Inc. which are available from the company's registered office at 3000 Riverchase Galleria, Suite 1700 Birmingham, AL, 35244.

# ENERGYBUILD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies (Continued)

##### Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The company is an intermediate holding company, with the main trading subsidiary being Energybuild Limited, whose principal activity until May 2015 was the development of the Aberpergwm mine. The Aberpergwm mine is currently idle.

The directors have noted that the trading subsidiary has made losses for the past few years. The directors have also noted that under the Chapter 11 filings which the parent company is subject to, no further financial support can be offered directly by Walter Energy Inc. In previous years, the directors of Walter Energy Inc. have confirmed that they have no current intention of recalling existing payables, consisting of an intercompany loan to Energybuild Group Limited plus recharges that are unsecured and repayable on demand. At present, a similar representation cannot be obtained as to what a Chapter 7 Trustee may do with respect to Walter Energy assets, as the trustee may decide to call the intercompany loan/payable. The directors recognise a material risk that Walter Energy Inc. could demand the loan be repaid from Energybuild Group Limited. This would lead to the loan to Energybuild Limited having to be repaid to Energybuild Group Limited, and there would be a risk that an administrator or liquidator would make that decision. The risk of the intercompany/payable being recalled represents a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

A cash flow forecast has been prepared to evidence that Energybuild Group Limited and Energybuild Limited have adequate financial support to enable them to each continue as a going concern to pay their debts as they fall due for a period of at least twelve months from the date of signing the financial statements. When creating this cash flow forecast, the directors have thoroughly considered the appropriateness of key assumptions used in order to achieve the forecast cash position, such that they are neither overly aggressive nor overly conservative. The cash flow forecast indicates that they will require short term funding to be able to continue as a going concern. At present, as evidenced by a Supreme Court of British Columbia ruling dated 13 January 2017, short term funding has been advanced in the form of a loan by the Chapter 7 Trustee, while the directors seek to either conclude a sale transaction with the interested party or for them to determine that a sale cannot be completed. In the event that a sale cannot be concluded, the ruling states that other options would need to be considered which may result in further loan advances being made. The fact that a sale has not yet been ratified and further loan funding has not been agreed represents a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have considered plans to deal with these events identified above. The directors would take steps to raise short term finance from sale of scrap, material stocks, sale of fixed assets and further reduce idle costs to cover any unforeseen event or variance from budget. The directors therefore believe it is appropriate to prepare the accounts on a going concern basis. The directors believe that the Company may be sold to a third party or will secure alternative source of finance within the next 12 months from one or a combination of the opportunities discussed.

The financial statements do not include the adjustments required should the company be unable to continue as a going concern.

# ENERGYBUILD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies (Continued)

#### 1.2 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.3 Cash at bank and in hand

Cash at bank and in hand 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.

#### 1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its 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.

##### **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.



# ENERGYBUILD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies (Continued)

#### **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.

#### 1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.6 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 are included in the profit and loss account for the period.

### 2 Exceptional costs

	2016 £'000	2015 £'000
Impairment of inter-company loan	69	6,479

### 3 Fixed asset investments

	2016 £'000	2015 £'000
Shares in group undertakings	4,450	4,450

### 4 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Energybuild Holdings Limited	Wales	Dormant	Ordinary	100.00	
Energybuild Limited	Wales	Mining	Ordinary	100.00	

# ENERGYBUILD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 5 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Other debtors	28	28

### 6 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts due to group undertakings	6,659	5,674

The amounts due to group undertakings are interest-free, unsecured and have no fixed terms for repayment.

### 7 Called up share capital

	2016 £'000	2015 £'000
Ordinary share capital Issued and fully paid 561,573,337 ordinary shares of 10p each	56,157	56,157

### 8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified. However we draw your attention to the inclusion of an Emphasis of Matter note as highlighted below.

#### Emphasis of matter - Going Concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The conditions described in note 1 indicate the existence of two material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The senior statutory auditor was James Edward Dobson BSc(Hons) FCA.  
The auditor was Broomfield & Alexander Limited.

# **ENERGYBUILD GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2016***

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### **9 Control**

The ultimate parent undertaking and controlling party was Walter Energy, Inc. a corporation incorporated in Birmingham, Alabama, throughout the financial year. Walter Energy Inc, is the ultimate parent undertaking and controlling party.

Walter Energy, Inc. is the parent undertaking of the smallest and largest group undertakings to consolidate these financial statements as at 31 December 2016.

Copies of the financial statements of Walter Energy, Inc. are available from the Company's registered office at 3000 Riverchase Galleria, Suite 1700 Birmingham, AL, 35244.