

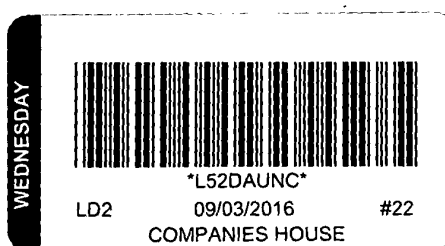
**Waste To Energy Company  
(Keszczow) Limited**

Report and Financial Statements

Year Ended

5 April 2015

Company Number 6839109



# **Waste To Energy Company (Keszczow) Limited**

**Report and financial statements  
for the year ended 5 April 2015**

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## **Directors**

M J Chicken  
S Thorne (appointed 14 December 2015)

## **Secretary and registered office**

C Macmillan, 4 Newburgh Street, London, W1F 7RF

## **Company number**

6839109

## **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **Waste To Energy Company (Keszczow) Limited**

## **Report of the directors for the year ended 5 April 2015**

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The directors present their report together with the audited financial statements for the year ended 5 April 2015.

### **Results and dividends**

The profit and loss account is set out on page 5 and shows the loss for the year.

The directors do not recommend the payment of a dividend.

### **Principal activities**

The company was formed to make investments in a waste to energy project at Kleszczow, Poland.

### **Director**

The director of the company during the year was:

M J Chicken

Going concern

As at the date of approval of these accounts, the directors of the Company have resolved to market the underlying investment to ascertain its actual market value. A decision will then be taken as to either dispose of the project or proceed with the project. The results of the marketing will also enable the directors to determine if an impairment provision is required against the investment.

There can be no guarantee that the Company's investment would be fully recovered should the project not proceed as planned or if no suitable purchaser is found. The parent partnership, Waste to Energy Partnership 1, has agreed to support the company for a period of at least one year from the date of approval of these financial statements.

### **Director's responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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;
- 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 him 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.

# Waste To Energy Company (Keszczow) Limited

## Report of the director for the year ended 5 April 2015 (*continued*)

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### Auditors

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing the directors' report advantage has been taken of the small companies exemption under the Companies Act 2006.

### On behalf of the Board



M J Chicken

### Director

Date 1 March 2016

# Waste To Energy Company (Keszczow) Limited

## Independent auditor's report

### TO THE MEMBERS OF WASTE TO ENERGY COMPANY (KESZCZOW) LIMITED

We have audited the financial statements of Waste to Energy Company (Keszczow) Limited for the year ended 5 April 2015 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of the director and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Basis for qualified opinion on financial statements

With respect to fixed asset investments with a carrying value of £ 7,107,266 (note 5), the Directors have not performed an impairment review, contrary to the requirements of FRS 11 Impairment of Fixed Assets and Goodwill. Had an impairment review been performed an adjustment to the carrying value of the fixed asset investment may have been required which would also impact the loss for the year. We are unable to quantify the impact of this misstatement. In the prior year, our opinion was qualified based on the discount rate that was used in computing the value in use which was not calculated by the directors in accordance with the requirements of FRS 11 Impairment of Fixed Assets and Goodwill. We were unable to quantify the impact of this misstatement

### Qualified opinion on financial statements

In our opinion, except for the effects of matters described in the Basis for qualified opinion paragraph above, the financial statements:

- give a true and fair view of the state of the company's affairs as at 5 April 2015 and of its loss 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.

### Emphasis of matter - Going concern

In forming our opinion on the financial statements 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. Having taken professional advice the directors believe that the project remains feasible. Whilst the directors believe that sufficient funding will be available but is currently no guarantee of this. These conditions indicate the existence of a material uncertainty 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.

# Waste To Energy Company (Keszczow) Limited

## Independent auditor's report (*continued*)

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### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.

*BDO LLP*

*Geraint Jones (senior statutory auditor)*  
*For and on behalf of BDO LLP, statutory auditor*  
*London*  
*United Kingdom*

*1 March 2016*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Waste To Energy Company (Keszczow) Limited

## Profit and loss account for the year ended 5 April 2015

	Note	2015 £	2014 £
Administrative expenses		(11,725)	(8,438)
<b>Operating loss</b>		<b>(11,725)</b>	<b>(8,438)</b>
Impairment provision	5	-	(796,927)
Interest received	4	244,188	201,575
Interest payable to parent undertaking	7	(521,408)	(635,967)
<b>Loss on ordinary activities before taxation</b>		<b>(288,945)</b>	<b>(1,239,757)</b>
Taxation on loss on ordinary activities		-	(375)
<b>Loss on ordinary activities for the year</b>	9,10	<b>(288,945)</b>	<b>(1,240,132)</b>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.

# Waste To Energy Company (Keszczow) Limited

Balance sheet  
at 5 April 2015

<b>Company number 6839109</b>	<b>Note</b>	<b>2015 £</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Fixed assets</b>					
Investments	5		7,107,266		6,278,823
<b>Current assets</b>					
Debtors	6	2		2	
Cash at bank and in hand		1,801,278		2,397,554	
		<u>1,801,280</u>		<u>2,397,556</u>	
<b>Current liabilities</b>					
Creditors	7	(11,768,846)		(11,247,734)	
<b>Net current liabilities</b>			<u>(9,967,566)</u>		<u>(8,850,178)</u>
<b>Total assets less current liabilities</b>			<u>(2,860,300)</u>		<u>(2,571,355)</u>
<b>Capital and reserves</b>					
Called up share capital	8		2		2
Profit and loss account	9		(2,860,302)		(2,571,357)
<b>Shareholders' deficit</b>	10		<u>(2,860,300)</u>		<u>(2,571,355)</u>

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

The financial statements were approved by the directors and authorised for issue on

1 March 2016



M J Chicken  
Director

The notes on pages 7 to 11 form part of these financial statements.



# Waste To Energy Company (Keszczow) Limited

## Notes forming part of the financial statements for the year ended 5 April 2015

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and on a going concern basis in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### *Going concern*

As at the date of approval of these accounts, the directors of the Company have resolved to market the project to ascertain its actual market value. A decision will then be taken as to either dispose of the project or proceed with the project.

The results of the marketing will also enable the directors to determine if any impairment provision is required against the investment.

There can be no guarantee that the Company's investment would be fully recovered should the project not proceed as planned or if no suitable purchaser is found. In the event that the directors proceed with the project, it is likely that additional funding will be required and no committed facilities are in place. If the directors are unable to find a suitable purchaser or additional funding, the Company may be unable to realise its assets or discharge its liabilities in the normal course of business. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The parent partnership, Waste to Energy Partnership 1, has agreed to support the company for a period of at least one year from the date of approval of these financial statements.

Therefore, these financial statements do not include any adjustments that would result if the going concern basis of preparation were inappropriate.

#### *Consolidated financial statements*

The financial statements contain information about Waste to Energy Company (Keszczow) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt from preparing consolidated financial statements as the group is small under the definitions of Companies Act 2006.

#### *Fixed asset investments*

Investments in shares held as fixed assets are stated at cost less provision for impairment.

Investments in loan notes are stated at the lower of cost plus accrued interest and their recoverable amount.

Despite formal written planning permission still being outstanding, the directors, having received verbal confirmation of planning permission, are of the opinion that the project will ultimately be successful and that the investment will be recovered in full. At the date of signing these financial statements, the directors have yet to receive formal written confirmation of planning permission.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. The recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

# Waste To Energy Company (Keszczow) Limited

Notes forming part of the financial statements  
for the year ended 5 April 2015 (*continued*)

## 2 Operating loss

	2015 £	2014 £
Operating loss is stated after charging:		
Auditors' remuneration	10,800	7,500

## 3 Directors and employees

Other than the directors, the company had no employees during the year. The company's directors were not remunerated for their services during the period.

## 4 Interest received

	2015 £	2014 £
Bank interest	5,377	7,236
Loan note interest	238,811	194,339
	<u>244,188</u>	<u>201,575</u>

## 5 Investments

	Capitalised costs £	Loan notes £	Subsidiary undertakings Ordinary shares £	Impairment provision £	Total £
<i>Cost and net book value</i>					
At 6 April 2014	2,633,629	4,206,121	236,000	(796,927)	6,278,823
Loan notes issued		419,986			419,986
Interest accrued		238,811			238,811
Costs capitalised	169,646				169,646
Impairment				0	0
At 5 April 2015	<u>2,803,275</u>	<u>4,864,918</u>	<u>236,000</u>	<u>(796,927)</u>	<u>7,107,266</u>

The loan notes are repayable after more than one year and bear interest at 6% per annum.

The company owns 56.2% of the ordinary share capital of Eko-Region Kleszczow sp. z.o.o, a property development company incorporated in Poland. The draft financial statements of Eko Region Kleszczow sp. z.o.o as at 31 December 2014 show aggregate capital and reserves of £1,157,296 (2013 - £875,729) and a loss for the year of £359,934 (2013 - £ 356,603).

Capitalised costs represent costs incurred by the company on behalf of the development being undertaken by Eko-Region Kleszczow sp. z.o.o.

# Waste To Energy Company (Keszczow) Limited

## Notes forming part of the financial statements for the year ended 5 April 2015 (continued)

### 5 Investments (continued)

Contrary to the requirements of FRS 11, the directors did not perform an impairment review in the current year (despite there being indicators of impairment) as the General Partner appointed a corporate finance advisor who will test the market for the sale of the project. The directors have decided to delay making any adjustment to the 2014 impairment to when the results of the market test are available early this year

FRS 11 requires an estimate of market rate to be an estimate of the rate that the market would expect on an equally risky investment. Because of a lack of readily available market evidence for comparable waste to energy assets and the professional costs required to undertake such a review, in 2014, the directors estimated a discount rate of 15% which is regarded as appropriate in the circumstances.

### 6 Debtors

	2015 £	2014 £
Other debtors	2	2
	<u>          </u>	<u>          </u>

All amounts fall due after more than one year.

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

	2015 £	2014 £
Amounts owed to parent undertaking	11,756,846	11,234,578
Accruals and deferred income	12,000	13,156
	<u>          </u>	<u>          </u>
	11,768,846	11,247,734
	<u>          </u>	<u>          </u>

During the year the company's parent advanced to the company £Nil (2014 - £Nil). The advance is repayable on demand. The advance attracts interest at 6% per annum. £521,408 was charged during the year (2014 - £635,967).

### 8 Share capital

	2015 Number	Allotted, called up and fully paid		2014 £
		2014 Number	2015 £	
Ordinary shares of £1 each	2	2	2	2
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

On 6 March 2009 the company authorised and issued 2 ordinary shares at par value. All shares were for cash consideration.

# Waste To Energy Company (Keszczow) Limited

Notes forming part of the financial statements  
for the year ended 5 April 2015 (continued)

## 9 Reserves

	Profit and loss account £
At 6 April 2014	(2,571,357)
Loss for the year	(288,945)
	<hr/>
At 5 April 2015	<b>(2,860,302)</b>
	<hr/>

## 10 Reconciliation of movements in shareholders' deficit

	2015 £	2014 £
Loss on ordinary activities after taxation	(288,945)	(1,240,132)
	<hr/>	<hr/>
Retained loss for the year	(288,945)	(1,240,132)
Opening shareholders' funds	(2,571,355)	(1,331,223)
	<hr/>	<hr/>
Shareholders' deficit at 5 April	<b>(2,860,300)</b>	<b>(2,571,355)</b>
	<hr/>	<hr/>

## 11 Capital commitments

The company had no capital commitments at 5 April 2015 (2014 - None).

## 12 Contingent liabilities

There were no contingent liabilities at 5 April 2015 (2014 - None).

## 13 Related party transactions

The company is a wholly owned subsidiary of Waste to Energy Partnership 1 and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with Waste to Energy Partnership 1 or other wholly owned subsidiaries within the group.

During the year, £419,986 (2014 - £1,160,190) was advanced to Eko-Region Kleszczow sp. z o.o., a company in which Waste to Energy Company (Keszczow) Limited has a 56.2% controlling interest, in order to fund development of an investment property. At the balance sheet date, £4,864,918 (2014 - £4,206,121) remained outstanding.

# Waste To Energy Company (Keszczow) Limited

Notes forming part of the financial statements  
for the year ended 5 April 2015 (*continued*)

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## 14 Immediate and ultimate parent undertaking

The immediate parent partnership is Waste to Energy Partnership 1, which is registered in Great Britain and which is head of the smallest group of undertakings of which the company is a member.

The ultimate parent trust is Waste to Energy Unit Trust, which is incorporated in Great Britain and which is head of the largest group of undertakings of which the company is a member. The directors consider that the unit trust is the ultimate controlling undertaking by virtue of this majority equity stake in the immediate parent undertaking of the company. There is no ultimate controlling party of the Unit Trust.