

Avonmouth Bio Power Energy Limited

**Annual report and financial
statements**

Registered number 07932861

Year ended 31 August 2017

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Company Information

Directors

NS Dhillon
SW Blasé
MS Scobie
IC Brooking
D Pike

Registered number

07932861

Registered office

Blythe House
Blythe Business Park
Creswell Lane
Stoke-on-Trent
ST11 9RD

Independent auditor

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

Strategic report

Review of the business

Avonmouth Bio Power Limited's ("ABP") plant at Avonmouth was established in 2013 to process Refused Derived Fuel ("RDF") from the adjacent New Earth Solutions Group Limited's ("NESG") mechanical and biological treatment ("MBT") works. The site is strategically located next to the Bristol conurbation and on the inter-section of the M5/M4 motorways, resulting in a vast hinterland to attract clients.

The plant was developed as an advanced thermal treatment facility capable of processing 120,000 tonnes per annum of RDF using staged pyrolysis and gasification technology.

The freehold site and plant benefit from full planning and permitting for this operation and has an export grid connection of 13MW. Uniquely the site also benefits from grandfathered double Renewable Obligation Credits ("ROCs") for processing organic waste until 2033.

From commencement of operations the plant always operated at below its design point and this led to reduced thermal output and reduced availability. This lack of performance and hence lack of revenue generation resulted in a decision to suspend operations at the plant with a view to implementing a major redevelopment programme.

During the year to 31st August 2017 the existing plant has been maintained in a safe condition in readiness of the implementation of that redevelopment programme.


Technology suppliers, EPC and O&M Contractors, funding organisations and engineering consultancies have all been in discussions with the company throughout the year, and plans for the redevelopment phase have been materially progressed.

The detailed implementation plans for the redevelopment are currently being finalised and it is anticipated that these works will commence during the first half of 2018 and that operations at the plant may re-commence in early 2020.

Risks and uncertainties

Successive UK governments have highlighted the need to develop increased generation of electricity from sustainable and renewable resources. The risk and uncertainties have been greatly reduced by the change to a more readily available, consistent and contracted biomass feedstock and a change of technology that is proven in operation, this change make best use of the existing Renewable Obligation benefit to maximise ongoing revenues through the generation of renewable electricity.

By order of the board



I C Brooking
Director

4th May 2018

2018

Directors' report

The directors present their report and the financial statements for the year ended 31 August 2017. The comparative period shown is for the period ended 31 August 2016.

Principal activities

The principal focus of the business, i.e. the operation of a 14.8MW energy from waste plant based in Avonmouth, Bristol, was suspended whilst the plant is redeveloped.

Proposed dividend

The directors do not recommend the payment of a dividend (*period ended 31 August 2016: £nil*).

Directors

The directors who held office during the year and subsequently were as follows:

NS Dhillon	
MS Scobie	
IC Brooking	
D Pike	Resigned 29 th March 2018
IY Miller	Appointed 29 th March 2018
SW Blasé	
H McPherson	Resigned 21 st September 2016

Overview

The Energy from Waste plant is to be redeveloped, and so operations are suspended whilst plans for that redevelopment are progressed.

Operational Performance

As stated in the 2016 report a strategic decision was made to suspend activity at the plant to undertake a major redevelopment programme. This decision was implemented and the plant did not operate during the year to 31 August 2017.

Post balance sheet events

Since the period end good progress has been made with regard to the redevelopment plans of the site and the timetable to commence works in the first half of 2018 with operations at the plant re-commencing in 2020 remaining realistic.

Directors' report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


I C Brooking
Director

4th May 2018

Blythe House
Blythe Business Park
Cresswell Lane
Stoke-on-Trent
ST11 9RD
2018

Statement of directors' responsibilities in respect of the Annual report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

66 Queen Square
Bristol
BS1 4BE
United Kingdom

Independent auditor's report to the members of Avonmouth Bio Power Energy Limited

Opinion

We have audited the financial statements of Avonmouth Bio Power Energy Limited ("the company") for the year ended 31 August 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Avonmouth Bio Power Energy Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



James Ledward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

14 May

2018

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 August 2017

	<i>Note</i>	Year ended 31 August 2017 £	7 months ended 31 August 2016 £
Turnover	2	444,016	2,772,945
Cost of sales		(5,671)	(5,185,915)
Gross Profit/(loss)		438,345	(2,412,970)
Administrative expenses		(2,851,773)	(964,335)
Exceptional administrative income	3	-	2,822,438
Total administrative (expenses)/income		(2,851,773)	1,858,103
Operating (loss)/profit		(2,413,428)	(554,867)
Loss before taxation		(2,413,428)	(554,867)
Tax on loss	5	-	1,959,585
(Loss)/profit for the financial period		(2,413,428)	1,404,718
Total comprehensive (loss)/profit for the period		(2,413,428)	1,404,718

There was no other comprehensive income for the current period or preceding year other than that included in the profit and loss account.


All results relate to continuing activities.

The notes on pages 11 to 17 form part of these financial statements.

Balance Sheet
as at 31 August 2017

	Note	31 August 2017		31 August 2016	
		£	£	£	£
Fixed assets					
Tangible assets	6		18,506,993		19,219,076
Current assets					
Debtors	7	458,026		2,213,488	
Cash		1,317,221		786,033	
		1,775,247		2,999,521	
Creditors: amounts falling due within one year	8	(14,412,789)		(13,935,718)	
Net current liabilities			(12,637,542)		(10,936,197)
Total assets less current liabilities			5,869,451		8,282,879
Net assets			5,869,451		8,282,879
Capital and reserves					
Called up share capital	10		1		1
Capital contribution reserve	10	58,980,496		58,980,496	
Profit and loss account	10	(53,111,046)		(50,697,618)	
Shareholders' funds			5,869,451		8,282,879

These financial statements were approved by the board of directors on 16 May 2018 and were signed on its behalf by:


I C Brooking
Director
Company registered number: 07932861

16 May 2018

The notes on pages 11 to 17 form part of these financial statements.

Statement of Changes in Equity

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
Balance at 1 February 2016	1	58,980,496	(52,102,336)	6,878,161
<i>Total comprehensive income for the period</i>				
Profit or loss	-	-	1,404,718	1,404,718
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	-	-	1,404,718	1,404,718
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 August 2016	1	58,980,496	(50,697,618)	8,282,879
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 September 2016	1	58,980,496	(50,697,618)	8,282,879
<i>Total comprehensive income for the year</i>				
Profit or loss	-	-	(2,413,428)	(2,413,428)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	-	(2,413,428)	(2,413,428)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 August 2017	1	58,980,496	(53,111,046)	5,869,451
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 17 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Avonmouth Bio Power Energy Limited (the “Company”) is a company limited by shares and incorporated and domiciled in England the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in England in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued July 2015 have been applied. The presentation currency of these financial statements is sterling.

The Company’s parent undertaking, Avonmouth Bio Power Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Avonmouth Bio Power Limited are available to the public and may be obtained from Blythe House, Blythe Business Park, Cresswell Lane, Stoke-on-Trent, ST11 9RD. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Avonmouth Bio Power Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the Company's net current liabilities of £12,637,542 which the Directors believe to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by the parent company, Avonmouth Bio Power Limited. The parent company has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company, and a letter of support has been provided to this effect. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this understanding, the Directors believe that it is appropriate to prepare financial statements on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Plant and machinery – Straight line basis over 20 years
- Office equipment – Straight line basis over 3 years
- Energy from waste facilities – Straight line over 20 years
- Construction work in progress – Straight line basis over 20 years from the of the plant become fully operational

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.5 Turnover

Turnover comprises revenue recognised by the Company in respect of good and services supplied, exclusive of value added tax and trade discounts, and includes i) fees for the processing of waste product received ("gate fees"), ii) income received for the sale of electricity exported to the National Grid, and iii) Renewable Energy Obligation Certificates ("ROCs").

Revenue from gate fees are recognised on a monthly basis in the period in which the waste product is processed. Revenue from the sale of electricity is recognised in the period in which the output is delivered.

ROCs are issued to the Company by the Government for the sale of electricity from renewable sources, and claimed from Ofgem on a three-monthly cycle.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Notes (continued)

1 Accounting policies (continued)

1.7 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2 Turnover

The whole of turnover is attributable to the principal activity of the Company and arises solely within the United Kingdom.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	Year ended 31 August 2017 £	7 months ended 31 August 2016 £
Provision for bad debts	-	399,758
R&D tax credit	-	(3,222,196)
	<u>-</u>	<u>(2,822,438)</u>
Auditor's remuneration:		
- Audit of these financial statements	6,750	10,000
	<u>6,750</u>	<u>10,000</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Avonmouth Bio Power Limited.

Notes (continued)

4 Staff number and costs

The Company employed no staff in either the current period or preceding financial year.

The remuneration of the directors in the current period and preceding financial year was borne entirely by a fellow Group company, Avonmouth Bio Power Limited with no identifiable qualifying services for the company.

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 31 August 2017	7 months ended 31 August 2016
	£	£
<i>Current tax</i>		
Current tax on income for the period	-	(720,566)
Adjustments in respect of prior periods	-	(1,239,019)
Total current tax	-	(1,959,585)
Total deferred tax	-	-
Total tax	-	(1,959,585)

Reconciliation of effective tax rate

	Year ended 31 August 2017	7 months ended 31 August 2016
	£	£
Profit / (loss) for the year	(2,413,428)	1,404,718
Total tax expense/(credit)	-	(1,959,585)
Loss excluding taxation	(2,413,428)	(554,867)
Tax using the UK corporation tax rate of 19.58% (Year ended 31 August 2016: 20%)	(472,569)	(110,973)
Fixed asset differences	12,807	8,135
Reduction in tax rate on deferred tax balances	612,220	(8,046)
Income not taxable for tax purposes	(1,413)	-
Over provided in prior years	-	(1,239,019)
Deduction for R&D expenditure	-	(288,442)
Transfer pricing adjustments	(467,845)	(247,571)
Group relief surrendered	-	-
Current year losses for which no deferred tax asset was recognised	316,800	(73,669)
Total tax expense/(credit) included in profit or loss	-	(1,959,585)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on the 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26th October 2015, and additional reduction to 17% (effective from 1 April 2020) was substantively enacted on the 6th September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

6 Tangible fixed assets

	Fixtures and fittings £	Plant and machinery £	Office equipment £	Energy from waste facilities £	Total £
Cost					
At 1 September 2016	52,594	721,592	106,244	57,671,869	58,552,299
Additions	-	331,400	-	-	331,400
At 31 August 2017	52,594	1,052,992	106,244	57,671,869	58,883,699
Depreciation					
At 1 September 2016	12,272	76,168	61,890	39,182,893	39,333,223
Charge for the year	10,519	48,106	34,888	949,970	1,043,483
At 31 August 2017	22,791	124,274	96,778	40,132,863	40,376,706
Net book value					
At 31 August 2016	40,322	645,424	44,354	18,488,976	19,219,076
At 31 August 2017	29,803	928,718	9,466	17,539,006	18,506,993

7 Debtors

	31 August 2017 £	31 August 2016 £
Trade debtors	282,791	106,785
Amounts owed by group undertakings	160	100
Tax debtor	-	1,959,585
Other debtors	175,075	147,018
	458,026	2,213,488

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	31 August 2017 £	31 August 2016 £
Trade creditors	622,386	254,928
Amounts owed to group undertakings	13,525,086	13,560,525
Other creditors	265,317	120,265
	14,412,789	13,935,718

Amounts owed to group undertakings are non-interest bearing and are repayable on demand.

Notes (continued)

9 Deferred tax assets and liabilities

	31 August 2017 £	31 August 2016 £
At beginning and end of year	-	-

In accordance with FRS 102.29, deferred tax assets are only recognised to the extent that it is probable they are recoverable against future taxable profits or deferred tax liability reversals. Accordingly a deferred tax asset of £8,728,923 (31 August 2016: £8,412,123) has not been recorded on the grounds that there is currently insufficient evidence that the asset will be recoverable against suitable taxable profits in the short term.

The deferred tax asset at 31 August 2017 has been calculated based on the rate of 17% (31 August 2016: 18%) substantially enacted at the balance sheet date (see note 5).

10 Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Share capital

	31 August 2017 £	31 August 2016 £
Allotted, called up and fully paid		
One ordinary share of £1 (2016: one)	1	1

Reserves

	Capital contribution reserve £	Profit and loss account £
At 31 August 2016	58,980,496	(50,697,618)
Loss for the period	-	(2,413,428)
Capital contribution	-	-
At 31 August 2017	58,980,496	(53,111,046)

11 Commitments

The Company held no capital commitments as at 31 August 2017 (31 August 2016: £Nil).

12 Related party transactions

As the Company is a wholly owned subsidiary of Avonmouth Bio Power Limited, the Company has taken advantage of the exemption contained in FRS 102.33 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

- Management fees to Cogen UK Ltd totalling £58,685 have been incurred during the period with an outstanding balance at the end of the year of £8,834.

Notes (continued)

13 Ultimate parent undertaking and parent undertaking of larger group

The Company is a subsidiary of Avonmouth Bio Power Limited, a company incorporated in England & Wales.

The largest and smallest group in which the results of this Company will be consolidated is that headed by Avonmouth Bio Power Limited. The consolidated accounts of this company will be available to the public from Companies House.

The ultimate controlling party of Avonmouth Bio Power Limited, registered address, Blythe House, Blythe Business Park, Cresswell Lane, Stoke-on-Trent, ST11 9RD, is Aurium Capital Markets LLP, a Limited Liability Partnership incorporated in the United Kingdom, registered address, Third Floor, 86 Brook Street, London, W1 5AY.

14 Accounting estimates and judgements

In the application on the Company's accounting policies which are described in Note 1, the directors are required to make judgements, estimates and assumptions about carrying amounts 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 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the Company's accounting policies

The Company holds on its balance sheet fixed assets related to Energy from waste facilities and Assets under construction. The carrying value recognised for these assets are included on the judgement that they will be recovered. These judgements are based on an assessment of impairment indicators which are reviewed by management on an annual basis, and also upon valuations provided in the financial year by external, independent valuers, each of whom have an appropriate recognised professional qualification and relevant experience.

Deferred tax assets are recognized for unused tax losses, to the extent that it is probable that future taxable income will be available against which they can be utilized. These estimates are reviewed at every reporting date. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income.

There are no other critical judgements or key sources of estimation uncertainty that the directors have made in the process of applying the company's accounting policies that would have a significant effect on the amounts recognised in the financial statements.