

AEG Pelleting Limited

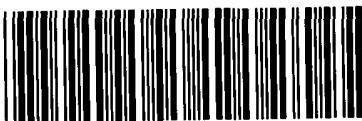
Report and Financial Statements

Year Ended

31 December 2016

Company Number 08959138

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AEG Pelleting Limited

Report and financial statements for the year ended 31 December 2016

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Director

Brian Evans-Jones
Richard Spinks (appointed 27 February 2017)

Secretary and registered office

MSP Secretaries
27-28 Eastcastle Street, London, W1W 8DH

Company number

08959138

Auditors

Jeffreys Henry LLP, *Finsgate, 5-7 Cranwood Street, London, EC1V 9EE.*

AEG Pelleting Limited

Report of the directors for the year ended 31 December 2016

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

Results and dividends

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

The directors do not recommend the payment of a dividend.

Principal activities

The company was incorporated on 26 March 2014 in order to develop an opportunity within the second generation biomass for energy sector.

Directors

The director of the company during the period and since the year end was:

Brian Evans-Jones
Richard Spinks

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed; and
- 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.

AEG Pelleting Limited

Report of the directors for the year ended 31 December 2016 (*continued*)

Auditors

All of the current 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.

During the year the board proposed the appointment of new auditors and Jeffreys Henry LLP were duly appointed. A resolution to re-appoint Jeffreys Henry LLP as auditor for the ensuing year will be proposed at the Annual General Meeting of the Group.

By order of the Board



**B Evans-Jones
Director**

Date: 31 August 2017

AEG Pelleting Limited

Independent auditor's report

To the members of AEG Pelleting Limited

We have audited the financial statements of AEG Pelleting Limited for the year ended 31 December 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 directors 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result 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.

AEG Pelleting Limited

Independent auditor's report (*continued*)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Report of the Directors for the financial period for which the Company's financial statements are prepared is consistent with the financial statements, and the Strategic Report and Report of the Directors has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Report of the Directors.

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 directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.



Sanjay Parmar (senior statutory auditor)
For and on behalf of Jeffreys Henry, statutory auditor
Finsgate, 5-7 Cranwood Street, London, EC1V 9EE
United Kingdom

Date

31 August 2017

Jeffreys Henry LLP is a limited liability partnership registered in England and Wales (with registered number OC306971).

AEG Pelleting Limited

Profit and loss account for the year ended 31 December 2016

	Note	2016 \$	2015 \$
Administrative expenses		-	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation	5	-	-
Taxation on loss from ordinary activities	6	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation		-	-
		<hr/>	<hr/>

All amounts relate to continuing activities.

There are no recognised gains or losses other than the profit on ordinary activities retained for the year disclosed above. Accordingly, no statement of total recognised gains and losses is presented.

The notes on pages 8 to 13 form part of these financial statements.

AEG Pelleting Limited

Balance sheet
at 31 December 2016

Company number:08959138

	Note	2016 \$	2015 \$
Fixed assets			
Tangible assets	7	48,819	48,819
Current assets			
Debtors	8	259	-
Cash at bank and in hand		3,610	3,869
		<u>3,869</u>	<u>3,869</u>
Creditors: amounts falling due within one year	9	-	-
		<u>-</u>	<u>-</u>
Net current assets		3,869	3,869
		<u>3,869</u>	<u>3,869</u>
Total assets less current liabilities		52,688	52,688
		<u>52,688</u>	<u>52,688</u>
Capital and reserves			
Called up share capital	10	2	2
Capital reserve	11	333,203	333,203
Retained earnings		(280,517)	(280,517)
		<u>52,688</u>	<u>52,688</u>
Shareholders' funds/(deficit)		52,688	52,688
		<u>52,688</u>	<u>52,688</u>

The financial statements were approved by the Board of Directors and authorised for issue on: 31 August 2017



B Evans-Jones
Director

The notes on pages 8 to 13 form part of these financial statements.

AEG Pelleting Limited

Statement of Changes in Equity For the year ended 31 December 2016

	Share Capital \$	Capital Reserve \$	Retained earnings \$	Total Equity \$
At 26 March 2014	-	-	-	-
Issue of share capital	2	-	-	2
Loss for the period	-	-	(280,517)	(280,517)
Capital contribution		333,203	-	333,203
At 31 December 2015	2	333,203	(280,517)	52,688
Loss for the period	-	-		
At 31 December 2016	2	333,203	(280,517)	52,688

The notes on pages 8 to 13 form part of these financial statements.

AEG Pelleting Limited

Notes forming part of the financial statements for the year ended 31 December 2016

1 Accounting policies

General information

AEG Pelleting Limited ("The Company") is a limited company incorporated and domiciled in England. The registered office of the company is 27-28 Eastcastle Street, London, W1W 8DH. The registered company number is 08959138.

Basis of preparation

The Company financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. There were no material amendments for all periods presented on the adoption of FRS 101, following the transition from IFRS to FRS 101.

In summary those disclosure exemptions adopted are:

- The requirements of IFRS 7 Financial Instruments: Disclosures, as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 73 of IAS 16 Property, Plant and Equipment;
 - paragraph 118 of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d) and 111 (statement of cash flows), 134 to 136 (managing capital), and 16 (statement of compliance with IFRS) of IAS 1 Presentation of Financial Statements.
- The requirements of IAS 7 Statement of Cash Flows and related notes.
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share Based Payments, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The effects of future accounting standards not adopted.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flow;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Active Energy Group Plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Active Energy Group Plc. These financial statements do not include certain disclosures in respect of:

- Share based payments;
- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);

AEG Pelleting Limited

Notes forming part of the financial statements for the year ended 31 December 2016

- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The financial statements of Active Energy Group Plc can be obtained as described in note 11.

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer which is generally on delivery.

Tangible fixed assets

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Property, Plant & Equipment	-	10% straight line
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The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount.

Taxation

The charge for taxation is based on the profit for the year and taken into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax balances are not discounted.

Foreign Currency

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss. The Director has determined that the presentational and functional currency be US dollars.

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

AEG Pelleting Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

Going Concern

The directors have reviewed the going concern basis of preparation of this report and accounts. Given the current cash reserves of the company and the anticipated future inflow of funds from the operation of the business and other associated activities they have concluded that the company will be able to meet its liabilities as they fall due for a period of 12 months from the date of the approval of these financial statements and have therefore prepared the accounts on a going concern basis.

Significant Accounting Estimates and Judgements

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in the most appropriate application in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 27 of the Group accounts for Active Energy Group plc.

2 Turnover

There was no turnover during the period.

3 Employees

The average number of employees during the period was nil (2015: nil) and there were no staff costs in the period.

4 Directors

There are no directors' emoluments directly attributable to AEG Pelleting Limited. Disclosure of emoluments received by the director for services to the Group is available in the accounts of Active Energy Group plc.

AEG Pelleting Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

5	Loss on ordinary activities before taxation	2016 \$	2015 \$
	This has been arrived at after charging/(crediting):		
	Depreciation	-	-
		<u> </u>	<u> </u>

Audit fees are borne by the ultimate parent undertaking.

6	Income Tax	2016 \$	2015 \$
	<i>Current tax</i>		
	UK corporation tax on profit of the year @ 20% (2015: 20%)	-	-
	Group relief	-	-
		<u> </u>	<u> </u>
	Total Current tax	-	-
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	-	-
		<u> </u>	<u> </u>
	Total income tax charge	-	-
		<u> </u>	<u> </u>

The tax assessed varies from the standard rate of corporation tax in the UK. The differences are explained below:

	2016 \$	2015 \$
Loss on ordinary activities before tax	-	-
	<u> </u>	<u> </u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015: 21.5%)	-	-
Effects of:		
Expenses not deductible for tax purposes	-	-
Depreciation for period in excess of capital allowances	-	-
Group relief surrendered	-	-
	<u> </u>	<u> </u>
Total tax charge for period	-	-
	<u> </u>	<u> </u>

AEG Pelleting Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

7 Tangible assets

	Plant, machinery and motor vehicles \$	Total \$
<i>Cost</i>		
At 1 January 2016 and 31 December 2016	51,842	51,842
<i>Depreciation</i>		
As at 1 January 2016	3,023	3,023
Charge for the year	-	-
As at 31 December 2016	3,023	3,023
<i>Net book value</i>		
At 31 December 2016	48,819	48,819
At 31 December 2015	48,819	48,819

8 Debtors

	2016 \$	2015 \$
Amounts due from fellow Group entities	259	-

9 Creditors: amounts falling due within one year

	2016 \$	2015 \$
Trade creditors	-	-
Amounts due to fellow Group entities	-	-

AEG Pelleting Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

10 Share capital

As at 1 January and 31 December 2016	Authorised	
	Number	\$
Ordinary shares of £1 each	1	2
	<hr/>	<hr/>
	Allotted, called up and fully paid	
	Number	\$
Ordinary shares of £1 each	1	2
	<hr/>	<hr/>

11 Capital reserve

There was a capital contribution last year as a result of the waiving of an intra-group loan.

12 Ultimate parent company

At 31 December 2016 the company's ultimate parent company was Active Energy Group plc which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Active Energy Group plc are available from Companies House or www.active-energy.com