

ENER-G NATURAL POWER LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2014

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**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T H Scott		I A Gadsby	(appointed 29 July 2013)
A J Evans		P S Noland	(appointed 11 December 2013)
A I MacLellan		S L Watson	
D J Duffill	(resigned 30 May 2013)	P A Foster	(resigned 28 February 2014)
H K Richmond	(resigned 24 October 2013)		

COMPANY SECRETARY

R Wardner

REGISTERED OFFICE

ENER-G House
Daniel Adamson Road
Salford
Manchester
United Kingdom
M50 1DT

BANKERS

Barclays Bank plc
3 Hardman Street
Manchester
M3 3AX

SOLICITORS

Stevens & Bolton LLP
Wey House
Farnham Road
Guildford
GU1 4YD

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the company are: the supply of electricity generated from landfill sites; the operation, maintenance and hire of equipment used for the generation of electricity from landfill and other gases; the development and sale of power generation projects from landfill and other gases; and the provision of project services relating to the above activities.

ENER-G Natural Power Limited saw a decline in turnover of 18.75% due to a reduction in operation and maintenance contracts. The loss of this business has required the directors to restructure the company and reduce overheads.

ENER-G Natural Power Limited continues to develop its landfill gas business and won a number of new contracts in 2013/14 which will be built out during 2014/15. However, the opinion of the directors remains that landfill gas growth will be subdued.

The direction of the company is to maintain and optimise the current installed capacity with regards to landfill gas.

RESULTS

The profit after tax for the year amounted to £1,271,076 (2013: £2,217,608) as shown on page 6. As a result, net assets have increased from £4,019,885 to £5,290,961 due to the profit made during the year. The company has paid a dividend of £nil (2013: £nil) during the year.

PRINCIPAL RISK MANAGEMENT OBJECTIVES AND EXPOSURES

The directors periodically review and agree objectives for managing key risks. These risks, and the way in which the company seeks to manage them, are summarised below:

Market risk

The company's turnover, currently mainly in Sterling, relates to renewable power generation schemes, generation equipment hire, and operations and maintenance under medium and long term contracts to third party customers. The output or service is contracted using long term firm or index linked prices with the exception of renewable energy, which benefits from a premium price under the Renewables Obligation. Risks exist as a result of exposure to energy markets and fluctuating prices, which are mitigated using a range of strategies, including but not limited to division of the portfolio, hedging, contract length and timing. Sites are assumed to have a theoretical gas yield, these gas contracts are in place over the duration of the theoretical economic life of the contract.

Liquidity risk and Interest rate risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The company has access to further funding from the group to develop new projects.

Credit risk

The principal credit risk arises from its trade debtors. The majority of customers are blue chip or government backed, and the failure of an individual contract would not have a substantial impact on the company's performance. Credit risk is minimised by contracting mainly with electricity suppliers with an acceptable international credit rating and by obtaining credit reports for all prospective customers before contracts are signed.

Approved by the Board of Directors and signed on behalf of the Board



P S Noland
Director
28 November 2014

DIRECTORS' REPORT

The directors present their Annual Report and the audited financial statements for the year ended 31 March 2014.

DIRECTORS

The directors during the year under review and thereafter, except as noted below, were:

T H Scott		I A Gadsby	(appointed 29 July 2013)
A J Evans		P S Noland	(appointed 11 December 2013)
A I MacLellan		S L Watson	
D J Duffill	(resigned 30 May 2013)	P A Foster	(resigned 28 February 2014)
H K Richmond	(resigned 24 October 2013)		

GOING CONCERN

The financial statements have been prepared on the going concern basis for the reasons set out in note 1 to the financial statements.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P S Noland
Director
28 November 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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, subject to any material departures disclosed and explained in the financial statements; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENER-G NATURAL POWER LIMITED

We have audited the financial statements of ENER-G Natural Power Limited for the year ended 31 March 2014, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 21. 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Auditing Practices Board'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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual 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 March 2014 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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.



Jane Boardman BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
28 November 2014

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2014

	Note	2014 £	2013 £
TURNOVER	2	18,560,477	22,844,697
Cost of sales		(13,983,424)	(16,680,370)
GROSS PROFIT		4,577,053	6,164,327
Administrative expenses		(2,819,225)	(2,840,675)
Other operating income/(expenditure)		33,372	(47,272)
OPERATING PROFIT	3	1,791,200	3,276,380
Net finance expense	4	(495,111)	(433,671)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,296,089	2,842,709
Tax on profit on ordinary activities	5	(25,013)	(625,101)
PROFIT FOR THE FINANCIAL YEAR	14,15	1,271,076	2,217,608

All activity relates to continuing operations.

The company has no recognised gains or losses, other than those shown in the profit and loss account, for the current and previous year. Accordingly, a separate statement of total recognised gains and losses has not been presented.

The notes set out on pages 8 to 16 form part of these financial statements.

BALANCE SHEET
As at 31 March 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	8		17,699,951		17,193,892
CURRENT ASSETS					
Stocks	9	3,205,723		4,184,778	
Debtors					
- due within one year	10	6,649,532		9,523,409	
- due after one year	10	500,978		-	
Cash at bank and in hand		1,346,868		4,158	
			<u>11,703,101</u>	<u>13,712,345</u>	
CREDITORS: amounts falling due within one year	11	(22,508,356)		(24,995,173)	
NET CURRENT LIABILITIES			(10,805,255)		(11,282,828)
TOTAL ASSETS LESS CURRENT LIABILITIES			6,894,696		5,911,064
Provisions for liabilities	12		(1,603,735)		(1,891,179)
NET ASSETS			<u>5,290,961</u>		<u>4,019,885</u>
CAPITAL AND RESERVES					
Called-up share capital	13		1,900,020		1,900,020
Profit and loss account	14		3,390,941		2,119,865
SHAREHOLDER'S FUNDS	15		<u>5,290,961</u>		<u>4,019,885</u>

The notes set out on pages 8 to 16 form part of these financial statements.

These financial statements of ENER-G Natural Power Limited (registered number 02152229) were approved and authorised for issue by the Board of Directors on 28 November 2014.

Signed on behalf of the Board of Directors



P S Noland
Director

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2014****1. ACCOUNTING POLICIES****Basis of accounting**

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. These have been applied consistently in the current and prior year.

Going concern

The company is a subsidiary of the ENER-G plc group. The parent company has confirmed its intention to support the company for a period of 12 months from the date of signing these financial statements to the extent required. The directors of the company are cognisant of the following going concern disclosure which appears in the financial statements of ENER-G plc for the year ended 31 March 2014:

"The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, together with a summary of the principal risks facing the Group (including financial risks) and the Group's strategy for managing those risks and uncertainties. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are further described in the financial statements.

The Group has considerable financial resources, including borrowing facilities of up to £30m (of which £9.1m was undrawn at the balance sheet date, and £12.0m was undrawn at the signing of the financial statements), together with long-term contracted income streams with customers across different geographical areas and sectors.

Based on the latest forecasts, and in the light of reasonably expected future events, the directors consider that the Group and the Company have adequate resources to continue operations and meet its banking covenants for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements."

After considering all the factors, the directors consider that the company has adequate resources to continue in operation and manage the risks for the foreseeable future. Accordingly they continue to adopt the going concern basis in the preparation of the annual financial statements.

Turnover

Turnover represents the value of sales of electricity generated and developed sites sold, exclusive of Value Added Tax, and is measured as the fair value of work done and goods and services provided in the normal course of business. It is recognised once the risks and rewards have been passed on to the customer. Turnover in relation to renewable obligation certificates (ROCs) is recognised on sale of the related electricity to the grid.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving stock. Cost is determined on a first in, first out, basis and, in the case of work in progress and finished goods, includes all direct expenditure and production overheads, based on normal levels of activity, incurred in bringing products to their present location and condition.

Net realisable value is based on estimated selling price net of any payments on account, less any further costs of realisation.

Long-term contracts

These are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where appropriate, attributable profits and anticipated losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 March 2014****1. ACCOUNTING POLICIES (continued)****Tangible fixed assets**

Tangible fixed assets are capitalised at cost. Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost of each asset, less estimated residual value and any provisions for impairment, over its expected useful life on a straight-line basis, as follows:

Site expenditure	the life of the operating contract
Relocateable generators	12 – 15 years
Overhauls	8 years
Plant and machinery	4 years
Motor vehicles	3 – 4 years
Computer and fixtures and fittings	3 years
Office equipment	3 – 4 years

Site costs include the anticipated decommissioning costs of power generation projects at the completion of their lives under contract.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Foreign currencies

Transactions denominated in foreign currency are translated into Sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into Sterling at the exchange rate ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

Pension costs

The company contributes to a money purchase pension scheme operated by an independent pension provider. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No.1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly-owned and its ultimate parent publishes a consolidated cash flow statement within its consolidated financial statements that are publicly available.

2. TURNOVER

The company's turnover relates to its principal activities, all of which are undertaken in the European Union.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2014

3. OPERATING PROFIT

	2014	2013
	£	£
Operating profit is after charging/(crediting):		
Depreciation – normal charge	1,869,060	1,581,108
Depreciation - impairment	81,841	57,000
(Profit)/loss on disposal of fixed assets	(33,373)	47,272
Auditor's remuneration:		
- for the statutory audit of the company	15,450	9,300
- for tax advisory services	6,601	700
Operating lease rentals - other	223,603	278,224
	<u>223,603</u>	<u>278,224</u>

4. NET FINANCE EXPENSE

	2014	2013
	£	£
Interest receivable:		
Interest receivable on bank deposits	60,166	46,434
Interest receivable on group balances	73,126	198,668
	<u>133,292</u>	<u>245,102</u>
Interest payable on group loans	(362,106)	(665,100)
Interest payable on bank overdraft	(266,297)	(13,673)
	<u>(628,403)</u>	<u>(678,773)</u>
Net finance expense	<u>(495,111)</u>	<u>(433,671)</u>

5. TAXATION

(a) Analysis of charge in the year

	2014	2013
	£	£
Corporation tax payable at 23% (2013: 20%)	339,583	490,219
Adjustments in respect of previous years	(27,397)	(146,091)
	<u>312,186</u>	<u>344,128</u>
Deferred tax:		
Origination and reversal of timing differences	(46,384)	150,937
Adjustment in respect of previous periods	(83,719)	157,862
Effects of changes in tax rates	(157,070)	(27,826)
	<u>(287,173)</u>	<u>280,973</u>
Deferred taxation (see note 12)	<u>(287,173)</u>	<u>280,973</u>
Tax charge on profit on ordinary activities	<u>25,013</u>	<u>625,101</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

5. TAXATION (continued)

(b) Factors affecting the current tax charge for the year

	2014	2013
	£	£
A full tax charge on profits on ordinary activities at the standard rate of corporation tax in the UK of 23% (2013: 20%) would be:	298,100	568,542
The taxation charge has been increased/(reduced) by:		
Capital allowances less than/(in excess of) depreciation	73,064	(140,937)
Expenses not deductible for tax purposes	15,531	7,503
Adjustment in respect of previous years	(27,397)	(146,091)
Income not taxable	(20,432)	(16,379)
Other short term timing differences	(26,680)	(10,000)
Utilisation of tax losses	-	81,490
Current tax charge for the year (note 5a above)	<u>312,186</u>	<u>344,128</u>

Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015.

Deferred tax balances have been revalued to the lower rate of 20% in these financial statements. To the extent that the deferred tax reverses before 1 April 2015 then the impact on the net deferred tax asset will be reduced.

6. EMPLOYEE COSTS

The average number of staff employed by the company during the financial year was:

	2014	2013
	No.	No.
Office and management	24	30
Service and maintenance	37	58
	<u>61</u>	<u>88</u>

The aggregate payroll costs during the year were:

	2014	2013
	£	£
Wages and salaries	2,362,667	2,973,501
Social security costs	219,022	279,948
Other, including pension costs	111,698	144,242
	<u>2,693,387</u>	<u>3,397,691</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

7. DIRECTORS' EMOLUMENTS

The directors were remunerated by ENER-G plc for their services to several companies within the group, including the company. The total remuneration received by the directors for the year was £784,384 (2013: £899,532) from ENER-G plc but it is not practicable to allocate this between their services as directors of the various group companies.

8. TANGIBLE FIXED ASSETS

	Site assets £	Assets under construction £	Plant and machinery £	Fixtures and fittings £	Computer and office equipment £	Motor vehicles £	Total £
Cost							
Brought forward	17,447,637	1,694,070	229,877	37,156	123,919	157,823	19,690,482
Additions	1,033,287	1,542,534	11,686	-	4,134	-	2,591,641
Reclassification	2,983,326	(3,210,976)	-	-	-	-	(227,650)
Transfer to stock	(144,051)	173,122	-	-	-	-	29,071
Disposals	(487,166)	(2,220)	(5,621)	-	(75,040)	(82,616)	(652,663)
Carried forward	20,833,033	196,530	235,942	37,156	53,013	75,207	21,430,881
Depreciation and provisions for impairments							
Brought forward	2,014,903	-	200,136	32,692	104,646	144,213	2,496,590
Charge	1,902,017	-	18,890	2,630	14,274	13,090	1,950,901
Transfer to stock	(216,307)	-	-	-	-	521	(215,786)
Disposals	(343,965)	-	(117)	-	(74,076)	(82,617)	(500,775)
Carried forward	3,356,648	-	218,909	35,322	44,844	75,207	3,730,930
Net book value							
At 31 March 2014	17,476,385	196,530	17,033	1,834	8,169	-	17,699,951
At 31 March 2013	15,432,734	1,694,070	29,741	4,464	19,273	13,610	17,193,892

The depreciation charge for the year ended 31 March 2014 includes £81,841 for the impairment of site assets (2013: £Nil).

9. STOCKS AND WORK IN PROGRESS

	2014 £	2013 £
Stores and consumables	285,727	155,941
Work-in-progress	2,919,996	4,028,837
	<u>3,205,723</u>	<u>4,184,778</u>

There is no significant difference between the balance sheet value of the stocks and their replacement cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

10. DEBTORS

	2014	2013
	£	£
Due within one year:		
Trade debtors	885,010	2,801,224
Hire purchase debtors	313,521	249,203
Other debtors	49,040	100,424
Prepayments and accrued income	3,226,494	2,693,229
Amounts owing by group undertakings of ENER-G Power Limited	30,627	141
Amounts owing by other group undertakings of ENER-G plc	2,144,744	3,679,188
Amounts owing by related undertakings	96	-
	<u>6,649,532</u>	<u>9,523,409</u>
	2014	2013
	£	
Due after one year:		
Hire purchase debtors	<u>500,978</u>	<u>-</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	2,073,831	2,327,250
Other taxation and social security costs	287,823	157,659
Accruals and deferred income	3,391,121	3,415,224
Other creditors	18,338	227,505
Amounts owing to group undertakings of ENER-G Power Limited	3,424,195	4,499,020
Amounts owing to other group undertakings of ENER-G plc	13,189,779	14,332,492
Amounts owing to related undertakings	123,269	36,023
	<u>22,508,356</u>	<u>24,995,173</u>

Amounts owing to other group undertakings of ENER-G plc includes £801,129 (2013: £1,787,728) for group relief claimed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

12. PROVISIONS FOR LIABILITIES

	Deferred taxation £	Other £	Total £
At 1 April 2013	1,334,305	556,874	1,891,179
Adjustments in respect of prior year	(83,719)	-	(83,719)
Provided in the year	-	18,000	18,000
Released in the year	(203,454)	(18,271)	(221,725)
At 31 March 2014	<u>1,047,132</u>	<u>556,603</u>	<u>1,603,735</u>

The deferred taxation provision consists of:

	2014 £	2013 £
Accelerated capital allowances	1,047,132	1,367,885
Short term timing differences	-	(33,580)
	<u>1,047,132</u>	<u>1,334,305</u>

Other provisions include decommissioning costs and capital contributions to site costs, which will be utilised over the lives of the related contracts of up to 15 years, in accordance with the accounting policies on page 8.

13. CALLED-UP SHARE CAPITAL

	2014 £	2013 £
Allotted, called-up and fully paid		
1,900,020 Ordinary shares of £1 each	<u>1,900,020</u>	<u>1,900,020</u>

14. PROFIT AND LOSS ACCOUNT

	2014 £	2013 £
At 1 April	2,119,865	(97,743)
Profit for the year	<u>1,271,076</u>	<u>2,217,608</u>
At 31 March	<u>3,390,941</u>	<u>2,119,865</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014 £	2013 £
Shareholder's funds at 1 April	4,019,885	1,802,277
Profit for the year	1,271,076	2,217,608
Shareholder's funds at 31 March	<u>5,290,961</u>	<u>4,019,885</u>

16. DIVIDENDS

During the year the company neither declared nor paid a dividend (2013: £nil).

17. OPERATING LEASE COMMITMENTS

The following annual payments are committed in respect of assets held under operating lease contracts:

	2014 £	2013 £
Leases expiring next year	19,114	10,236
Leases expiring between two and five years	92,007	196,424
	<u>111,121</u>	<u>206,660</u>

All operating lease commitments are in relation to plant and machinery.

18. CONTINGENT LIABILITIES

Under ENER-G Power Limited's group banking arrangements, each participating UK group company jointly and severally cross-guarantees the liabilities of all other participating UK group companies. The company is a participating member under the banking arrangements.

At the balance sheet date the maximum potential liability cross guaranteed was £15,268,000 (2013: £18,904,000).

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for eligible employees. The charge for the year is detailed in note 6.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate parent company is ENER-G plc, a company incorporated in Great Britain and registered in England and Wales. The company's immediate parent company is ENER-G Power Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate group, which is the largest group in which the results are consolidated, is headed by ENER-G plc. The smallest group in which the results are consolidated is headed by ENER-G Power Limited. ENER-G plc is ultimately owned by a family trust of Mr Tim Scott, which is considered to be the ultimate controlling party.

Group financial statements for ENER-G plc and ENER-G Power Limited are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

21. RELATED PARTY TRANSACTIONS

The company has claimed the exemption contained in FRS 8, which is available to wholly-owned subsidiaries, not to disclose related party transactions with other wholly-owned members of the group.

The company purchased goods and services at arm's length from Biogas Technology (Sawtry) Limited, a related party by virtue of being under the common control of Mr Tim Scott, or a family trust, amounting to £192,016 (2013: £nil).

The company purchased goods and services at arm's length from Biogas Technology Limited, a related party by virtue of being under the common control of Mr Tim Scott, or a family trust, amounting to £865,663 (2013: £976,786).

The company sold goods and services at arm's length to Biogas Technology Limited, a related party by virtue of being under the common control of Mr Tim Scott, or a family trust, amounting to £2,411 (2013: £2,824).

The net balance with Biogas Technology Limited at 31 March 2014 was £4,671 payable (2013: payable of £36,023).

The net balance with Biogas Technology (Sawtry) Limited at 31 March 2014 was £118,502 payable (2013: payable of £Nil).