

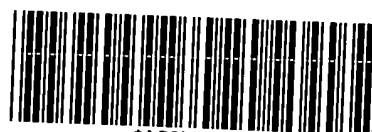
Company No: 03684054

VEOLIA ENERGY CLEANPOWER ONE UK LIMITED

Financial Statements

For the Year Ended 31 December 2015

TUESDAY



A58MV5SI

A13

07/06/2016

#107

COMPANIES HOUSE

Veolia Energy Cleanpower One UK Limited

For the Year Ended 31 December 2015

Contents

Page

Company Information

1

Strategic Report

2

Report of the Directors

3

Directors Responsibilities Statement

4

Independent Auditor's Report

5

Statement of Comprehensive Income

6

Statement of Changes in Equity

7

Statement of Financial Position

8

Statement of Cash Flows

9

Notes to the Financial Statements

10

Veolia Energy Cleanpower One UK Limited

Company Information

Directors	P Gilroy S Patton D Thompson
Secretary	C Gough
Registered office	210 Pentonville Road London N1 9JY
Registered number	03684054
Auditors	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
Bankers	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP

Veolia Energy Cleanpower One UK Limited

Strategic Report

31 December 2015

Principal activities

The principal activity of the company is the provision of energy services from Combined Heat and Power plants ('CHP').

Review of the year

The profit for the year after taxation was £145k (2014: loss £916k). The directors expect the Company to continue trading profitably in the future. The loss in 2014 was a direct result of the overhaul of the CHP engine as expected and budgeted for.

The following indicators have been extracted from the monthly reporting processes to illustrate the type of indicators which management use to guide and shape the business.

	2015	2014
	£000	£000
Revenue £'000	4,870	5,284
Gross Profit margin	3.4%	(22.0)%

Management use the following Key Performance Indicators (KPIs) to monitor and guide the business:

- monthly sales/gross profit reports analysed by portfolio
- monthly management accounts showing trading results, detailed overhead expenses, balance sheet and cash flow reports

Each of these indicators are monitored by management against trading budgets which are prepared annually. The indicators are also monitored against prior periods.

What significant risks and uncertainties does the Company face?

In common with all businesses, the Company is affected by a number of factors, not all of which are wholly within our control. Although many of the risk factors influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations.

The principal risks and uncertainties of the Company are consistent with those that affect the whole Veolia Energy UK Group (comprising Veolia Energy UK Plc and its subsidiaries) and these are included in the accounts of Veolia Energy UK Plc whose address can be found in note 15.

Health and Safety, Quality and Environment

Veolia Energy UK Plc and its subsidiaries remain fully committed to respecting our corporate, legal and social responsibilities for Health, Safety, Quality and the Environment. Within Veolia this is a top priority. Each year we strive to make improvements to our systems and performances. The Health and Safety theme for 2015 was "Coming Together to Improve Health & Safety" which was about the coming together of the Water, Waste and Energy business in the UK and working to integrate our management systems, procedures and standardise our approach. Continuing on this path our theme for 2016 is "Think Safe, Work Safe, Home Safe". This is ensuring that everyone understands that they are responsible for health and safety within our Organisation.

We maintained health, safety and quality to OSHAS18001, ISO14001 and ISO9001 certification across the Company.

Approved by the Board on 31 May 2016


S Patton
Director

Veolia Energy Cleanpower One UK Limited

Report of the Directors

The Directors present their report and the audited financial statements of Veolia Energy Cleanpower One UK Limited for the year ended 31 December 2015.

Going concern

The financial statements have been prepared on a going concern basis as the company has received confirmation from Veolia UK Limited (formerly Veolia Environnement UK Limited) of its intention to continue providing financial support for the foreseeable future.

Financial Instrument risk

Details surrounding the Company's exposure to Financial Instrument risk can be found in note 10.

Directors and their interests

The present membership of the Board is set out on page 1. All of the directors held office throughout the year.

None of the directors had any notifiable interest in the share capital of the Company or other Group undertakings at 31 December 2015.

Dividends

The directors do not recommend the payment of a dividend for the year (2014: £Nil).

Donations

No charitable or political donations were made by the Company during the year (2014: £Nil).

Disclosure of information to auditors

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 auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Ernst and Young LLP will continue in office in accordance with section 487 of the Companies Act 2006.

Approved by the Board on 31 May 2016.



S Patton
Director

Veolia Energy Cleanpower One UK Limited

Directors Responsibilities Statement

31 December 2015

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the Financial Statements in accordance with applicable United Kingdom law and regulations and those International Financial Reporting Standards as adopted by the European Union. Company law requires the directors to prepare financial statements for each financial year.

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 for each financial year. In preparing these financial statements, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the company;
- select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- state that the company financial statements comply with IFRSs as adopted by the European Union.

The directors are responsible for keeping proper books of account that 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 Acts 2006 and Article 4 of the IAS regulation. 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 Veolia Energy Cleanpower One UK Limited

We have audited the financial statements of Veolia Energy Cleanpower One UK Limited (formerly Dalkia Cleanpower One Limited) for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Statements 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 2015 and of the profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

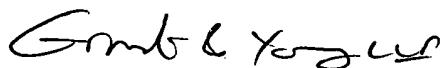
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors 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.



Eddie Diamond (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

Date: 6 June 2016

Veolia Energy Cleanpower One UK Limited

Statement of Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 £000	2014 £000
Revenue		4,870	5,284
Cost of sales		<u>(4,705)</u>	<u>(6,446)</u>
Operating profit/(loss) before tax	4	165	(1,162)
Income tax (expense)/credit	5	<u>(20)</u>	<u>246</u>
Profit/(loss) for the financial year		145	(916)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive profit/(loss) for the year		<u><u>145</u></u>	<u><u>(916)</u></u>

All the company's operations are continuing.

Veolia Energy Cleanpower One UK Limited

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Share Capital £000	Retained earnings £000	Total £000
At 1 January 2014	-	2,569	2,569
Loss for the financial year	-	(916)	(916)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	-	1,653	1,653
Profit for the financial year	-	145	145
	<hr/>	<hr/>	<hr/>
At 31 December 2015	<hr/>	<hr/>	<hr/>

Veolia Energy Cleanpower One UK Limited

Statement of Financial Position

at 31 December 2015

	Note	2015 £000	2014 £000
Assets			
Property, plant and equipment	6	<u>1,346</u>	<u>1,608</u>
Total non-current assets		<u>1,346</u>	<u>1,608</u>
Inventories	7	97	-
Trade and other receivables	8	1,381	121
Income tax receivable		<u>-</u>	<u>207</u>
Total current assets		<u>1,478</u>	<u>328</u>
Total assets		<u>2,824</u>	<u>1,936</u>
Equity			
Called up share capital	12	-	-
Retained earnings		<u>1,798</u>	<u>1,653</u>
Total equity attributable to equity holders of the parent		<u>1,798</u>	<u>1,653</u>
Liabilities			
Deferred tax liability	11	<u>214</u>	<u>283</u>
Total non-current liabilities		<u>214</u>	<u>283</u>
Trade and other payables	9	733	-
Income tax payable		<u>79</u>	<u>-</u>
Total current liabilities		<u>812</u>	<u>-</u>
Total liabilities		<u>1,026</u>	<u>283</u>
Total equity and liabilities		<u>2,824</u>	<u>1,936</u>

Approved by the Board of Directors on 31 May 2016



S Patton
Director
Company registered number: 03684054

Veolia Energy Cleanpower One UK Limited

Statement of Cash Flows

For the Year Ended 31 December 2015

		2015	2014
	Note	£000	£000
Cash flows from operating activities			
Profit/(loss) for the financial year		145	(916)
<i>Adjustments for</i>			
Depreciation	6	262	261
Income tax expense/(credit)	5	20	(246)
Operating profit/(loss) before changes in working capital and provisions		427	(901)
Change in inventories	7	(97)	-
Change in trade and other receivables	8	(1,260)	1,078
Change in trade and other payables	9	733	-
Cash (used in)/from operations		(197)	177
Taxation received/(paid)		197	(177)
Net cash from operating activities		-	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

Veolia Energy Cleanpower One UK Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 ACCOUNTING POLICIES

Veolia Energy Cleanpower One UK Limited ("the Company") is a Company incorporated in the United Kingdom.

Statement of compliance

The Company has prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the E.U. (adopted IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are presented in £ Sterling (rounded to thousands) being the functional and presentation currency of the Company's business operations.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in 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 revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently for the year ended 31 December 2015 in the preparation of these financial statements.

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2015:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

This did not have a material effect on the Company financial statements.

Standards issued but not yet effective

The following new standards, amendments and interpretations, issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee or IFRIC), are not yet effective for the year ended 31 December 2015 and have not been applied in preparing these financial statements. This list contains those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective:

- IFRS 15: Revenue from Contracts with Customers (effective 1 January 2018)
- IAS 16 and IAS 38: Clarifications of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (effective from 1 January 2016)
- IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- IFRS 9: Financial Instruments (effective from 1 January 2018).

The Company is assessing the impact of these new standards on the financial statements.

Going concern

The Company uses cash balances provided from shareholders equity and retained earnings to meet its' day-to-day working capital requirements and committed facilities from banks, Veolia Energy UK plc and Veolia UK Limited (formerly Veolia Environnement UK Limited). Having reviewed the latest projections for the Company, the directors believe that the Company is well placed to manage its' business risks successfully.

After making enquiries, the directors believe that the Company has adequate resources to continue in operational existence in the foreseeable future as the company has received confirmation from Veolia UK Limited of its intention to

Veolia Energy Cleanpower One UK Limited

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2015

1 ACCOUNTING POLICIES (Continued)

Going concern (Continued)

provide continued financial support for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, in the ordinary course of the Company's activities. Revenue is shown net of value-added tax.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Services

The services provided relate to the provision of energy where revenue is recognised at the point of usage by the customer.

Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Property, plant and equipment

Items of qualifying assets within property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on property, plant and equipment evenly over the expected useful lives as follows:

Plant at clients' premises	Over the period of the contract
----------------------------	---------------------------------

Where there is evidence of impairment to carrying values, property, plant and equipment are written down to their recoverable amount. Any such write down would be charged to operating profit.

Inventories and work in progress

Inventories and work in progress are measured at the lower of cost and net realisable value. Cost is based on the first-in first-out principle, and includes raw materials, design costs, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Capitalisation of initial direct costs

Initial direct costs incurred in relation to secured long-term contracts are capitalised where management is satisfied that these costs have been separately identified and providing the profitability of the contract can be reasonably forecast. Such capitalised costs are then amortised over the life of the contract. Where the contract becomes loss making, the costs are immediately written off. Interest costs incurred in the funding of qualifying assets within long-term contracts are capitalised and amortised over the period of the contract.

Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, except as noted below, on temporary differences that have arisen but not reversed by the Statement of Financial Position date, where the temporary differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Temporary differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Veolia Energy Cleanpower One UK Limited

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2015

1 ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised to the extent that it is probable that future profits are available.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the temporary differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at their amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recoverability is assessed as being remote.

Fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets, are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Company's receivables carried at their amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Reversals of impairment

An impairment loss in respect of a receivable carried at its amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Veolia Energy Cleanpower One UK Limited

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2015

2 STAFF NUMBERS AND COSTS

	2015	2014
	£000	£000
Wages and salaries	34	-
Social security costs	4	-
Other pension costs	7	-
Total	45	-

Presented in:
Cost of sales

45	-
----	---

The average number of employees during the year was as follows:

	2015	2014
Directors and senior management	2	2
Operations	1	-
	3	2

3 EMOLUMENTS OF THE COMPANY'S DIRECTORS

The directors received total remuneration for the year of £686k (2014: £488k), all of which was paid by Veolia Energy UK plc. The directors do not believe that it is practical to apportion this amount between their services as directors of the company and their services as directors of Veolia Energy UK plc and fellow subsidiary companies.

	2015	2014
	£000	£000
Aggregate emoluments of the directors were:		
Directors' fees	386	448
Other emoluments	281	16
Pension Contributions	19	24
	686	488

Emoluments of the highest paid director were £405k (2014: £183k). Pension contributions in respect of the highest paid director paid by the company were £6k (2014: £6k).

In addition to amounts paid to directors, other key management personnel received emoluments as follows:

	2015	2014
	£000	£000
Short-term employee benefits	450	567
Post-employment pension benefits	28	51
Redundancy payments	-	99
	478	717

4 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2015	2014
	£000	£000
Included in cost of sales:		
Depreciation of property, plant and equipment	262	261

Veolia Energy Cleanpower One UK Limited

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2015

4 OPERATING PROFIT/(LOSS) (Continued)

Fees payable to the Company's auditors for the audit of these financial statements are £5k (2014: £5k). The fees have been borne by Veolia Energy UK Plc.

5 INCOME TAX

	2015 £000	2014 £000
Recognised in the Statement of Comprehensive Income		
Current tax expense		
UK income tax	79	(208)
Adjustment in respect of prior periods	10	6
Total current tax	89	(202)
Deferred tax credit		
Originating and reversal of timing differences	(41)	(44)
Adjustment in respect of change in rates	(28)	-
Total deferred tax (see note 11)	(69)	(44)
Total income tax expense in Statement of Comprehensive Income	20	(246)
Reconciliation of effective tax rate		
Profit/(loss) before tax	165	(1,162)
Tax calculated at UK standard rate of income tax 20.25% (2014: 21.5%)	33	(250)
Non deductible expenses	5	(2)
Effect of change in rate	(28)	-
Adjustment in respect of prior years	10	6
	20	(246)

6 PROPERTY, PLANT AND EQUIPMENT

	Plant at clients' premises £000
Cost	
At 1 January and 31 December 2014	5,101
At 1 January and 31 December 2015	5,101
Depreciation and impairment losses	
At 1 January 2014	3,232
Charged in year	261
At 31 December 2014	3,493
Charged in year	262
At 31 December 2015	3,755

Veolia Energy Cleanpower One UK Limited

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2015

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant at clients' premises £000
Carrying value	
At 1 January 2014	1,869
At 31 December 2014	1,608
At 31 December 2015	1,346

The cost of property, plant and equipment includes £194k of capitalised interest (2014: £194k).

7 INVENTORIES

	2015 £000	2014 £000
Raw materials, components	97	-

8 TRADE AND OTHER RECEIVABLES

	2015 £000	2014 £000
Current		
Trade and other receivables	374	-
Amounts due to group undertakings	589	121
Prepayments	418	-
	1,381	121

Based on past experience, the company believes that no impairment allowance is necessary in respect of trade receivables.

9 TRADE AND OTHER PAYABLES

	2015 £000	2014 £000
Current		
Trade payables	58	-
Other taxation and social security costs	38	-
Accruals and deferred income	626	-
Amounts recoverable on contracts	11	-
	733	-

10 FINANCIAL RISK MANAGEMENT

Capital management

The Board's policy when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders, and to sustain the future development of the business. In order to maintain or adjust the capital structure, the Company may issue new shares or raise medium/long term third party debt.

The Company believes that these returns are maximised when the Company's Weighted Average Cost of Capital (WACC) is minimised and this is achieved through the setting of and adhering to, minimal rates of return for all capital

Veolia Energy Cleanpower One UK Limited

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2015

10 FINANCIAL RISK MANAGEMENT (Continued)

Capital management (Continued)

intensive projects and acquisitions. This minimal level of return is reviewed periodically and is in accordance with Company policy. The Company has used a post-tax WACC at 31 December 2015 of 6.6% (2014: 6.9%) as requested by its ultimate controlling entity, Veolia Environnement S.A..

The Company is not subject to externally-imposed capital requirements and there were no changes in the Company's approach to capital management during the year.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying value of trade receivables.

Liquidity risk

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flow. This is generally carried out at a Group level (Veolia Energy UK plc and its subsidiaries) in accordance with practice and limits set by Veolia Energie International S.A.. In addition the Company's liquidity management policy involves monitoring key Statement of Financial Position ratios against internal measures.

Fair value

The fair value of cash, trade receivables, trade payables, other current receivables and other current payables approximates to their carrying values due to the short-term maturities of these financial instruments.

11 DEFERRED TAX LIABILITY

Deferred taxation is provided in the accounts as follows:

	2015	2014
	£000	£000
Property, plant and equipment	214	283

The movement of £69k has been recognised in the Statement of Comprehensive Income (2014: £44k).

On 8 July 2015 the Chancellor announced the reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. This change became substantively enacted on 26 October 2015 and has been reflected in these financial statements in relation to the deferred tax calculation.

On 16 March 2016 the Chancellor announced a further reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. This change has not yet been substantively enacted and has therefore not been reflected in these financial statements.

12 SHARE CAPITAL

	2015	2014
	£000	£000
Authorised		
1 A ordinary share of £1	-	-
1 B ordinary share of £1	-	-
	<u>-</u>	<u>-</u>
Allotted, called up and fully paid		
1 A ordinary share of £1	-	-
1 B ordinary share of £1	-	-
	<u>-</u>	<u>-</u>

The "A" and "B" shares rank pari passu in all respects.

Veolia Energy Cleanpower One UK Limited

Notes to the Financial Statements (Continued)

For the Year Ended 31 December 2015

13 FINANCIAL COMMITMENTS

Capital commitments

The Company had no capital expenditure commitments at 31 December 2015 (2014: £Nil).

Other guarantees

The Company is registered with HM Customs & Excise as a member of a Group for VAT purposes, and as a result, jointly and severally liable on a continuing basis for amounts owing by other members of that Group in respect of unpaid VAT.

14 RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its parent company and fellow subsidiaries of Veolia Energy UK plc.

	Outstanding balance	
	31 December	
	2015	2014
	£000	£000
Parent		
Veolia Energy & Utility Services UK Plc	589	121

15 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Veolia Energy & Utility Services UK Plc a company incorporated in Great Britain and registered in England and Wales. The UK ultimate parent undertaking and the ultimate parent undertaking of the smallest group for which consolidated financial statements are drawn up is Veolia Energy UK plc.

The largest ultimate controlling entity of Veolia Energy Cleanpower One UK Limited is Veolia Environnement S.A.. Veolia Environnement S.A. is incorporated in France.

Copies of the accounts can be obtained from:

Veolia Energy UK plc	Veolia Environnement S.A.
210 Pentonville Road	36-38 avenue Kléber
London	75116 Paris
N1 9JY	France

16 ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Board of Directors the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. Management does not believe that there are any key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, which would cause a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year.