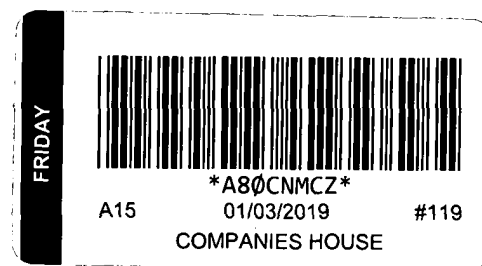


**GEMchem Limited**

**Directors' report and financial  
statements**

**Registered number 4507615**

**31 May 2018**



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## **Directors and advisers**

### **Directors**

D E Green  
W M Crossland  
J Zhang

### **Company Secretary**

J Zhang

### **Registered Number**

4507615

### **Registered office**

1 John Street  
Bristol  
BS1 2HR

### **Auditor**

KPMG LLP  
66 Queen Square  
Bristol  
BS1 4BE

### **Bankers**

HSBC Bank Plc  
62 George White Street  
Cabot Circus  
Bristol  
BS1 3BA

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 May 2018.

### Principal activities

The principal activity of the Company is that of marketing water treatment products and services.

### Results

The results for the year are set out in the profit and loss account on page 6.

### Political Donations

The company made no political donations nor incurred any political expenditure during the year.

### Dividends

A dividend of £15,152 was declared and paid (2017: £15,150).

### Directors

The directors who held office during the year and to the date of approval of these financial accounts were as follows:

D E Green

W M Crossland

J Flynn (resigned 31 July 2018)

J Zhang (appointed 1 August 2018)

### 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report has been prepared in accordance with the special provision of sections 415A of Companies Act 2006 relating to small entities; the Company has also taken advantage of the small companies exemption in section 414B from preparing a strategic report.

By order of the board



D E Green  
Director

1 John Street  
Bristol  
BS1 2HR

26<sup>th</sup> February 2019

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 judgments 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.

## **Independent auditor's report to the members of GEMchem Limited**

### **Opinion**

We have audited the financial statements of GEMchem Limited ("the company") for the year ended 31 May 2018 which comprise the Profit and Loss account and Other Comprehensive Income, the Balance Sheet, the 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 affairs of the company's affairs as at 31 May 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with the 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.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

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

Our responsibility is to read 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:

## **Independent auditor's report to the members of GEMchem Limited (*continued*)**

### **Directors' report (*continued*)**

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

### **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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, 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](http://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.

**NChrimes**

Nathan Chrimes (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
66 Queen Square  
Bristol  
BS1 4BE  
26 February 2019

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 May 2018*

	<i>Note</i>	<b>2018</b> £	<b>2017</b> £
<b>Turnover</b>	<b>2</b>	<b>563,550</b>	<b>538,712</b>
Cost of sales		(203,395)	(191,788)
<b>Gross profit</b>		<b>360,155</b>	<b>346,924</b>
Administrative expenses		(370,484)	(291,847)
<b>Operating (loss)/profit</b>		<b>(10,329)</b>	<b>55,077</b>
Interest receivable and similar income	<b>6</b>	27	25
Interest (payable) and similar expense	<b>6</b>	(719)	(364)
<b>(Loss)/profit before taxation</b>		<b>(11,021)</b>	<b>54,738</b>
Tax on (loss)/profit	<b>7</b>	2,258	(10,948)
<b>(Loss)/profit for the financial year</b>		<b>(8,763)</b>	<b>43,790</b>
<b>Total comprehensive income for the year</b>		<b>(8,763)</b>	<b>43,790</b>

There was no other comprehensive income for the current or preceding financial year other than that included in the profit and loss account. All results relate to continuing operations.

The notes on pages 9 to 18 form part of these financial statements.



**Balance Sheet**  
*at 31 May 2018*

	Note	2018	2017
		£	£
<b>Fixed assets</b>			
Tangible assets	8	1,248	330
<b>Current assets</b>			
Stock	9	14,077	13,683
Debtors	10	109,785	81,521
Cash at bank and in hand		93,968	143,108
		<u>217,830</u>	<u>238,312</u>
Creditors: amounts falling due within one year	11	(96,992)	(92,641)
<b>Net current assets</b>		<u>120,838</u>	<u>145,671</u>
<b>Total assets less current liabilities</b>		<u>122,086</u>	<u>146,001</u>
<b>Provisions for liabilities</b>			
Deferred tax liability	12	(391)	(391)
<b>Net assets</b>		<u>121,695</u>	<u>145,610</u>
<b>Capital and reserves</b>			
Called up share capital	13	5,000	5,000
Profit and loss account		116,695	140,610
<b>Shareholders' funds</b>		<u>121,695</u>	<u>145,610</u>

The notes on pages 9 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on 26<sup>th</sup> February 2019 and were signed on its behalf by:



**D E Green**  
Director

Registered Number: 4507615

**Statement of Changes in Equity**  
*for the year ended 31 May 2018*

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 June 2016	5,000	111,970	116,970
<i>Total comprehensive income for the year</i>			
Profit or loss	-	43,790	43,790
Total comprehensive income for the year	-	43,790	43,790
Dividends paid		(15,150)	(15,150)
<b>Balance at 31 May 2017</b>	<b>5,000</b>	<b>140,610</b>	<b>145,610</b>
Balance at 1 June 2017	5,000	140,610	145,610
<i>Total comprehensive income for the year</i>			
Profit or loss	-	(8,763)	(8,763)
Total comprehensive income for the year	-	(8,763)	(8,763)
Dividends paid		(15,152)	(15,152)
<b>Balance at 31 May 2018</b>	<b>5,000</b>	<b>116,695</b>	<b>121,695</b>

The notes on pages 9 to 18 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

GEMchem Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Thermal Energy International Inc, includes the Company in its consolidated financial statements. The consolidated financial statements of Thermal Energy International Inc are available to the public and may be obtained from 36 Bentley Avenue, Ottawa, Ontario, Canada K2E 6T8. 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 Thermal Energy International Inc 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 18.

#### 1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis.

#### 1.2 *Going concern*

On the basis of their assessment of the Company's financial position (cash of £93,968, net assets of £121,695 and net current assets of £120,838) and future forecasts and of the enquiries made of the directors of the Company's parent company, GEMchem Limited, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4 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.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. 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.

The company assesses at each reporting date whether tangible fixed assets are impaired.

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 5 years
- Computer equipment 3 years

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.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.8 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised on despatch.

#### 1.9 Expenses

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.10 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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.

#### 1.11 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which dividends are approved.

## Notes (continued)

### 2 Turnover

All turnover arose within the United Kingdom and relates solely to the Company's principal activity.

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2018 £	2017 £
Depreciation charge	719	364
<i>Auditor's remuneration:</i>		
	2018 £	2017 £
Audit of these financial statements	3,900	2,700
Amounts receivable by the Company's auditor in respect of:		
- Taxation compliance services	1,400	1,200

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Directors	1	1
Sales	6	4
	7	5

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	271,787	205,673
Social security costs	29,759	22,936
Contributions to defined contribution plans	38,521	31,746
	<u>340,067</u>	<u>260,355</u>

### 5 Directors' remuneration

	2018 £	2017 £
Directors' remuneration	79,735	78,545
Contributions to defined contribution plans	31,757	25,942
	<u>111,492</u>	<u>104,487</u>

During the year, retirement benefits were accruing to one director (2017: one) in respect of defined contribution pension schemes.

### 6 Interest (payable) / receivable and similar income /(expense)

	2018 £	2017 £
Bank interest receivable	27	25
	<u>27</u>	<u>25</u>
Differences on foreign exchange	(719)	(364)
	<u>(719)</u>	<u>(364)</u>

## Notes (continued)

### 7 Taxation

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

	2018 £	2017 £
<i>Current tax</i>		
Current tax on income for the year	(2,258)	10,948
Adjustment in respect of prior years	-	-
<b>Total current tax</b>	<b>(2,258)</b>	<b>10,948</b>
<i>Deferred tax (see Note 12)</i>		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior years	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Total tax</b>	<b>(2,258)</b>	<b>10,948</b>

#### Reconciliation of effective tax rate

	2018 £	2017 £
(Loss)/profit for the year	(8,763)	43,790
Total tax (credit)/expense	(2,258)	10,948
<b>(Loss)/profit excluding taxation</b>	<b>(11,021)</b>	<b>54,738</b>
Tax using the UK corporation tax rate of 19% (2017: 19.83%)	(2,094)	10,948
Reduction in tax rate on deferred tax balances	-	-
Non-deductible expenses	(164)	-
<b>Total tax (credit)/expense included in profit or loss</b>	<b>(2,258)</b>	<b>10,948</b>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability by £41.



## Notes (continued)

### 8 Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
<i>Cost</i>			
At beginning of year	4,503	4,597	9,100
Disposals	-	1,637	1,637
	<hr/>	<hr/>	<hr/>
At end of year	4,503	6,234	10,737
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	4,173	4,597	8,770
Charge for year	168	551	719
On disposals			
	<hr/>	<hr/>	<hr/>
At end of year	4,341	5,148	9,489
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 May 2018	162	1,086	1,248
	<hr/>	<hr/>	<hr/>
At 31 May 2017	330	-	330
	<hr/>	<hr/>	<hr/>

### 9 Stock

	2018 £	2017 £
Raw Materials	14,077	13,683
	<hr/>	<hr/>
	14,077	13,683
	<hr/>	<hr/>

£124,709 of raw material was recognised in cost of sales in the year (2017: £126,242).

## Notes (continued)

### 10 Debtors

	2018 £	2017 £
Trade debtors	105,821	79,474
Prepayments and accrued income	1,370	2,047
Corporation tax receivable	2,594	-
	<hr/>	<hr/>
	109,785	81,521
	<hr/>	<hr/>

Included within trade and other receivables is £Nil (2017: £Nil) expected to be recovered in more than 12 months.

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

	2018 £	2017 £
Trade creditors	39,922	34,771
Corporation tax	-	10,691
Other taxation and social security	38,476	30,672
Accruals and deferred income	18,594	16,507
	<hr/>	<hr/>
	96,992	92,641
	<hr/>	<hr/>

Amounts owed to group undertakings were repayable on demand and accrued no interest.

### 12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018 £	2017 £
Accelerated capital allowances	391	391
Unused tax losses	-	-
Other	-	-
	<hr/>	<hr/>
Net tax liabilities	391	391
	<hr/>	<hr/>

**Notes (continued)**

**13 Share capital**

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
1,000 Ordinary shares of £5 each (2017: 1,000)	5,000	5,000

**14 Employee benefits**

The Company operates a defined contribution pension scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions paid by the Company and amounted to £38,521 (2017: £31,746). Contributions totalling £293 (2017: £ Nil) were payable to the scheme at the year end.

**15 Commitments**

The Company had no capital commitments as at 31 May 2018 (2017: £ Nil).

**16 Related parties**

As the Company is a wholly owned subsidiary of Thermal Energy International Inc, the Company has taken advantage of the exemption contained in FRS 102.33 and has therefore not disclosed transactions with wholly owned subsidiaries which form part of the group.

There are no balances outstanding with any related parties at 31 May 2018 or 31 May 2107.

**17 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Thermal Energy International (UK) Limited, a company registered in the United Kingdom. The ultimate controlling party and parent undertaking is Thermal Energy International Inc, a company incorporated and registered in Canada.

The largest and smallest group in which the results of the Company are consolidated is that headed by Thermal Energy International Inc. The consolidated accounts of this company are available to the public and may be obtained from the registered address of Thermal Energy International Inc at 36 Bentley Avenue, Ottawa, Ontario, Canada K2E 6T8.

## Notes (continued)

### 18 Accounting estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The judgements, 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 the valuation of assets and liabilities that are not readily apparent from other sources. The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and assumptions are recognized in the year in which they are revised and in any future years affected. Actual results may differ from these estimates, judgements and assumptions.

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.