



# **Bellhouse Energy Limited**

## **Report and financial statements**

*for the year ended 30 June 2017*

Registered number: 03466081

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## Directors and advisers

### Directors

P S Latham  
M G Setchell  
E J Wilkinson

### Company secretary

S Ludlow

### Bankers

BNP Paribas  
10 Harewood Avenue  
London  
NW1 6AA

### Registered office

6<sup>th</sup> Floor  
33 Holborn  
London  
EC1N 2HT

## Directors' report for the year ended 30 June 2017

The directors present their report and the financial statements for the company for the year ended 30 June 2017. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### Principal activities and business review

The principal activity of the company is the generation of electricity from landfill gas. The results for the year and financial position at the year end were satisfactory.

During the prior period, the company's parent undertaking, Melton Renewable Energy UK PLC was acquired with funds managed by Octopus Investments and Eucalyptus Energy Limited acquired 100% of the share capital. In order to align the financial period ends of Melton Renewable Energy UK PLC and its subsidiaries with that of its ultimate parent company, Fern Trading Limited, the company changed its financial period end to 30 June, giving rise to a 15 month accounting period ending 30 June 2016, the comparative period in the accounts.

### Results and dividends

The profit for the financial year amounted to £124,193 (15 months ending 30 June 2016: £538,760). Ordinary dividends of £5,100,000 were paid during the year (15 months ending 30 June 2016: £nil) and as a result a loss of £4,975,807 (15 months ending 30 June 2016: profit of £538,760) was transferred to reserves.

### Directors

The directors of the company, who held office during the year and up to the date of signing the financial statements, are given below:

P S Latham (appointed 15 August 2017)

T J Senior (resigned 6 October 2016)

M G Setchell

E J Wilkinson

### Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force throughout the financial year and at the date of approval of the financial statements for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of approval of the financial statements.

### Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis. Further discussion of group wide risks is provided within the directors' report of Melton Renewable Energy UK PLC which does not form part of this report.

### Key performance indicators

The directors of Melton Renewable Energy UK PLC manage the group's operations on a group wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Bellhouse Energy Limited. The development, performance and position of Melton Renewable Energy UK PLC, which includes this company, is discussed in the group's report and financial statements which does not form part of this report.

## Directors' report for the year ended 30 June 2017

### Financial risk management

Given that the status of the company is that of a small trading company, it is exposed to limited financial risks. The financial risks the group faces have been disclosed within the financial statements of Melton Renewable Energy UK PLC for the year ended 30 June 2017. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the finance department of Melton Renewable Energy UK PLC.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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 year. In preparing these financial statements, the directors are required to:

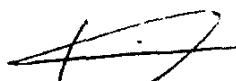
- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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. The directors 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.

### Audit exemption

The members have not required the Company to obtain an audit of its financial statements for the year in accordance with section 476 of the Companies Act 2006. Accordingly no auditors have been appointed. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

### On behalf of the board



**E J Wilkinson**  
Director

16 October 2017

## Statement of income and retained earnings for the year ended 30 June 2017

	<i>Note</i>	<i>12 months to 30 June 2017 £</i>	<i>15 months to 30 June 2016 £</i>
<b>Turnover</b>	5	315,261	1,084,441
Cost of sales		<b>(138,572)</b>	<b>(376,026)</b>
<b>Gross profit</b>		<b>176,689</b>	<b>708,415</b>
Administrative expenses		<b>(21,694)</b>	<b>(34,032)</b>
<b>Profit on ordinary activities before taxation</b>	6	<b>154,995</b>	<b>674,383</b>
Tax on profit on ordinary activities	8	<b>(30,802)</b>	<b>(135,623)</b>
<b>Profit for the financial year</b>	14	<b>124,193</b>	<b>538,760</b>
<b>Retained earnings brought forward</b>	14	<b>5,340,278</b>	<b>4,801,518</b>
Dividends	9	<b>(5,100,000)</b>	-
<b>Retained earnings carried forward</b>	14	<b>364,471</b>	<b>5,340,278</b>

All items dealt with in the statement of income and retained earnings above relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The company has no other comprehensive income other than the results above and therefore no separate statement of comprehensive income has been prepared.

## Balance Sheet

as at 30 June 2017

	Note	As at 30 June 2017 £	As at 30 June 2016 £
<b>Fixed assets</b>			
Tangible assets	10	-	-
<b>Current assets</b>			
Debtors	11	408,831	5,645,762
<b>Creditors: amounts falling due within one year</b>	12	<b>(34,360)</b>	<b>(295,484)</b>
<b>Net current assets</b>		<b>374,471</b>	<b>5,350,278</b>
<b>Total assets less current liabilities and net assets</b>		<b>374,471</b>	<b>5,350,278</b>
<b>Capital and reserves</b>			
Called up share capital	13	10,000	10,000
Retained earnings	14	364,471	5,340,278
<b>Total shareholders' funds</b>	15	<b>374,471</b>	<b>5,350,278</b>

For the year ending 30 June 2017 the directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 4 to 14 were approved by the board of directors on 16 October 2017 and were signed on its behalf by:



**P S Latham**  
Director

**Registered number: 03466081**

## Notes to the financial statements

for the year ended 30 June 2017

### 1. General information

Bellhouse Energy Limited ("the company") generates electricity from landfill methane gas.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

### 2. Statement of compliance

The individual financial statements of Bellhouse Energy Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

### 3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the parent company financial statements, includes the company's cash flows;
- (ii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.
- (iii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as the information is provided in the consolidated financial statement disclosures.

#### **Related parties**

The company is exempt from disclosing transactions with related entities, these being other 100% owned subsidiaries of Fern Trading Limited, as required by FRS102 paragraph 33.1.

## Notes to the financial statements

for the year ended 30 June 2017

### 3. Accounting policies (continued)

#### **Turnover**

Turnover represents the invoiced value of goods and services for electricity supplied, net of value added tax and trade discounts. Turnover is recognised when electricity generated is exported to third party customers. Income from recycled renewable obligation certificates ('Recycled ROC') is recognised when the amount is known with reasonable certainty.

Accrued income comprises income relating to the current year, which has not been invoiced as at the balance sheet date.

#### **Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Finance costs incurred during the development stage of a project are capitalised, along with site preparation costs, installation costs and connection costs. Once the project is commissioned, these costs are depreciated over the estimated useful economic life of the asset constructed.

Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives from commissioning using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Straight line annual rates of depreciation most widely used are:

*Plant and machinery*            6.67% and 25%

#### **Taxation**

Current tax is the amount of corporation tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax 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 a right to pay less or to receive more, tax, with the following exception:

- 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.

#### **Group relief**

Amounts receivable/payable in respect of tax losses surrendered to/by group companies are recognised in the year in which the losses are surrendered.



## Notes to the financial statements

for the year ended 30 June 2017

### 3. Accounting policies (continued)

#### *Financial instruments*

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *Financial assets*

Basic financial assets, including trade and other receivables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

## Notes to the financial statements

for the year ended 30 June 2017

### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

The directors consider that there are no critical judgements in the application of the company's accounting policies which would have a material impact on the financial statements.

(b) Key accounting estimates and assumptions

i) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

### 5. Turnover

Turnover arises solely from the company's principal activities in the United Kingdom, net of value added tax.

### 6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	<i>12 months to 30 June 2017</i>	<i>15 months to 30 June 2016</i>
	£	£
Services provided by the company's auditors:		
- fees payable for the audit	-	3,034
- fees payable for other services	-	320
Depreciation of tangible fixed assets	-	876

### 7. Employee information

The company paid no remuneration or wages to its directors during the financial year (2016: £nil) and had no other employees during the financial year (2016: nil). The emoluments of E J Wilkinson are paid by other group companies and recharged to CLP Envirogas Limited as part of a management charge. This management charge also includes a recharge of administration costs borne by the parent companies on behalf of the company and it is not possible to identify separately the amount of directors' emoluments.

P S Latham and M G Setchell do not and T J Senior did not receive any payment for services to the Melton Renewable Energy UK PLC group.

## Notes to the financial statements

for the year ended 30 June 2017

### 8. Tax on profit on ordinary activities

a) Analysis of charge in the year

	<i>12 months to 30 June 2017</i>	<i>15 months to 30 June 2016</i>
	£	£
<b>Current tax</b>		
Group relief payable	<b>29,285</b>	132,983
Total current tax	<b>29,285</b>	132,983
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>1,328</b>	1,893
Change in tax rate	<b>189</b>	747
Total deferred tax (note 8(c))	<b>1,517</b>	2,640
Tax on profit on ordinary activities	<b>30,802</b>	135,623

b) Reconciliation of tax charge

The tax assessed on the profit on ordinary activities before taxation for the period differs (2016: differs) to the effective rate of corporation tax in the UK of 19.75% (2016: 20%). The differences are explained below:

	<i>12 months to 30 June 2017</i>	<i>15 months to 30 June 2016</i>
	£	£
Profit on ordinary activities before taxation	<b>154,995</b>	674,383
Profit on ordinary activities before taxation multiplied by effective rate of corporation tax of 19.75% (2016: 20%)	<b>30,613</b>	134,877
Effect of:		
Expenses not deductible for tax purposes	-	(1)
Change in tax rate	<b>189</b>	747
Tax charge for the year	<b>30,802</b>	135,623

**Notes to the financial statements**  
for the year ended 30 June 2017

**8. Tax on profit on ordinary activities (continued)**

c) Deferred tax

	<i>As at</i> <b>30 June</b> <i>2017</i> £	<i>As at</i> <b>30 June</b> <i>2016</i> £
Deferred tax asset comprises:		
Decelerated capital allowances	<u>(5,208)</u>	<u>(6,725)</u>
At 1 July / 1 April	(6,725)	(9,365)
Deferred tax charge in statement of income and retained earnings for the year (note 8(a))	<u>1,517</u>	<u>2,640</u>
At 30 June	<u><b>(5,208)</b></u>	<u><b>(6,725)</b></u>

Deferred tax is calculated at 17% (2016: 18%).

The company has no deferred tax provision at 30 June 2017 (2016: £nil).

d) Factors that may affect future charges

The standard rate of corporation tax in the UK changed from 20% as at 1 April 2017 to 19%. Accordingly, the company's profits for the accounting period are taxed at an effective rate of 19.75%. A reduction in the main rate of corporation tax to 17% from 1 April 2021 was enacted during the period. Consequently, deferred tax has been calculated at the period-end using a rate of 17%.

**9. Dividends**

	<i>12 months</i> <i>to 30 June</i> <i>2017</i> £	<i>15 months</i> <i>to 30 June</i> <i>2016</i> £
2017: £510 per ordinary share (2016: £nil)	<u>5,100,000</u>	<u>-</u>

**Notes to the financial statements**  
for the year ended 30 June 2017

**10. Tangible assets**

	<i>Plant and machinery</i> £
Cost:	
At 30 June 2016	<u>1,188,901</u>
Accumulated depreciation:	
At 1 July 2016	1,188,901
Charge for the period	-
At 30 June 2017	<u>1,188,901</u>
Net book amount:	
At 30 June 2017	<u>-</u>
At 30 June 2016	<u>-</u>

**11. Debtors**

	<i>As at 30 June 2017</i> £	<i>As at 30 June 2016</i> £
Trade debtors	653	4,940
Amounts owed by parent undertaking	382,185	5,514,833
Deferred tax asset (note 8(c))	5,208	6,725
Prepayments and accrued income	20,785	119,264
	<u>408,831</u>	<u>5,645,762</u>

The amounts owed by parent undertaking are unsecured, do not bear interest, and are repayable on demand.

**Notes to the financial statements**  
for the year ended 30 June 2017

**12. Creditors: amounts falling due within one year**

	<i>As at</i> <b>30 June</b> <i>2017</i> £	<i>As at</i> <b>30 June</b> <i>2016</i> £
Amounts owed to group undertakings for group relief	31,514	284,912
Taxation and social security	109	823
Accruals and deferred income	2,737	9,749
	<u>34,360</u>	<u>295,484</u>

The amounts owed to group undertakings are unsecured, do not bear interest, and are repayable on demand.

**13. Called up share capital**

	<i>As at</i> <b>30 June</b> <i>2017</i> £	<i>As at</i> <b>30 June</b> <i>2016</i> £
<i>Authorised</i>		
10,000 (2016: 10,000) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted and fully paid</i>		
10,000 (2016: 10,000) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

**14. Retained earnings**

	£
At 1 July 2016	5,340,278
Profit for the financial year	124,193
Dividends paid (note 9)	(5,100,000)
At 30 June 2017	<u>364,471</u>

## Notes to the financial statements

for the year ended 30 June 2017

### 15. Reconciliation of movements in total shareholders' funds

	<i>As at</i> <b>30 June</b> <i>2017</i> £	<i>As at</i> <b>30 June</b> <i>2016</i> £
Opening total shareholders' funds	<b>5,350,278</b>	4,811,518
Dividends (note 9)	<b>(5,100,000)</b>	-
Profit for the financial year	<b>124,193</b>	538,760
<b>Closing total shareholders' funds</b>	<b>374,471</b>	<b>5,350,278</b>

### 16. Contingent liabilities

At 30 June 2017 the company was guarantor with other group companies of senior secured notes due February 2020 totalling £152,000,000 (30 June 2016: £152,000,000) and a revolving facility agreement totalling £20,000,000 (£nil utilised) (30 June 2016: £20,000,000, £nil utilised) made by the group's financiers. The company has no other off balance sheet arrangements.

### 17. Ultimate parent undertaking

CLPE Projects 1 Limited is the immediate parent undertaking and Fern Trading Limited (an English limited company with its registered office at 6<sup>th</sup> Floor, 33 Holborn, London, EC1N 2HT) is the ultimate parent undertaking and controlling party.

Melton Renewable Energy UK PLC is the holding company of the smallest group of undertakings for which group financial statements are drawn up and Fern Trading Limited is the holding company of the largest group of undertakings for which group financial statements are drawn up. Copies of these financial statements are available from the address above.