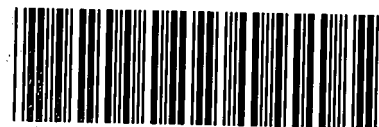


REGISTERED NUMBER: 07640689 (England and Wales)

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015
FOR
CASCADE HYDRO LIMITED

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CONTENTS OF THE FINANCIAL STATEMENTS

for the year ended 31st December 2015

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	3
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

CASCADE HYDRO LIMITED

COMPANY INFORMATION

for the year ended 31st December 2015

DIRECTORS:	Mr S C Morris Mr A H Coveney
SECRETARY:	Ms M J Bravo Quiterio
REGISTERED OFFICE:	18 Soho Square London W1D 3QL
REGISTERED NUMBER:	07640689 (England and Wales)
AUDITORS:	Grant Thornton UK LLP Grant Thornton House Euston Square Melton Street London NW1 2EP

REPORT OF THE DIRECTORS

for the year ended 31st December 2015

The directors present their report with the financial statements of the Company for the year ended 31st December 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of acting as a holding Company for power generation interests in Peru.

DIRECTORS

The directors who served during the year and to the date of this report were;

S C Morris (appointed 23rd July 2015)

Other changes in directors holding office are as follows;

A J S Morris resigned 23rd October 2015)

M F Keegan (appointed 23rd July 2015 – resigned 14th December 2015)

P R S Earl (resigned 29th June 2015)

E S Shaw (resigned 1st August 2015)

A H Coveney (appointed 28th November 2016)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The directors have concluded that a material uncertainty exists surrounding the ability of the holding Company, Rurelec PLC, to provide financial support for the Company, that casts significant doubt upon the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, given the ongoing support from a short term loan facility lender to Rurelec PLC, progress on the sale of the Group's assets and the fact that the Directors of Rurelec PLC are pursuing alternative sources of finance, the directors continue to adopt the going concern basis of accounting.

DISCLOSURE OF INFORMATION TO AUDITORS

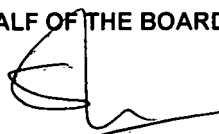
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
S C Morris – Director

Date: 28 November 2016

REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF CASCADE HYDRO LIMITED

We have audited the financial statements of Cascade Hydro Ltd for the year ended 31 December 2015 which comprise the balance sheet, the profit and loss account, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the entity's ability to continue as a going concern.

The Company is a subsidiary of Rurelec Plc and is reliant on support from their parent company to continue as a going concern. There is a material uncertainty surrounding the ability of the Parent company, Rurelec PLC, to provide financial support for the Company, that casts significant doubt upon the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, given the ongoing support from a short term loan facility lender to Rurelec PLC, progress on the sale of the Group's assets and the fact that the Directors of Rurelec PLC are pursuing alternative sources of finance, the directors continue to adopt the going concern basis of accounting.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF CASCADE HYDRO LIMITED



Christopher Smith

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

Date: 29/11/16

PROFIT AND LOSS ACCOUNT
for the year ended 31st December 2015

	Notes	31.12.2015 £	31.12.2014 £
TURNOVER		-	-
Administrative expenses	3	<u>(3,809,630)</u>	<u>(4,406,658)</u>
		(3,809,630)	(4,406,658)
Other operating (expense)/income	4	<u>(224,212)</u>	<u>124,521</u>
OPERATING LOSS		(4,033,842)	(4,282,137)
Interest payable and similar charges	5	<u>(871,630)</u>	<u>(309,784)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,905,472)	(4,591,921)
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(4,905,472)</u></u>	<u><u>(4,591,921)</u></u>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses for the current year or previous year, other than those included in the profit and loss account.

BALANCE SHEET
at 31st December 2015

	Notes	31.12.2015		31.12.2014	
		£	£	£	£
FIXED ASSETS					
Investments	7		243		243
CURRENT ASSETS					
Debtors	8	1,343,439		7,883,857	
Cash at bank		-		149	
		<u>1,343,439</u>		<u>7,884,006</u>	
CREDITORS					
Amounts falling due within one year	9	<u>10,669,907</u>		<u>12,305,002</u>	
NET CURRENT LIABILITIES			<u>(9,326,468)</u>		<u>(4,420,996)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(9,326,225)</u>		<u>(4,420,753)</u>
CAPITAL AND RESERVES					
Called up share capital	10		100,000		100,000
Profit and Loss Account	11		<u>(9,426,225)</u>		<u>(4,520,753)</u>
SHAREHOLDERS' DEFICIT			<u>(9,326,225)</u>		<u>(4,420,753)</u>

The financial statements were approved by the Board of Directors on 28 November 2016 and were signed on its behalf by:



.....
 S C Morris - Director

Company Registration No.: 07640689

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2015

1. ACCOUNTING POLICIES

Basis of preparation of financial statements, including going concern

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including 'Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 16 for an explanation of the transition

The financial statements are presented in Sterling (£).

The Company is itself a subsidiary company, whose ultimate parent company publishes consolidated accounts, and is therefore exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The directors have concluded that a material uncertainty exists surrounding the ability of the holding Company, Rurelec PLC, to provide financial support for the Company, that casts significant doubt upon the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, given the ongoing support from a short term loan facility lender to Rurelec PLC, progress on the sale of the Group's assets and the fact that the Directors of Rurelec PLC are pursuing alternative sources of finance, the directors continue to adopt the going concern basis of accounting.

Preparation of consolidated financial statements

The financial statements contain information about Cascade Hydro Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Rurelec PLC, a company registered in England and Wales.

Cash flow

The financial statements do not include a Cash Flow Statement because the company is a subsidiary of Rurelec Plc and as a qualifying entity they are taking the exemption provided under FRS 102 section 1.

Deferred tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Significant judgements and key sources of estimation

Preparation of the financial statements requires management to make significant judgements and estimates. These statements include an impairment provision on loans receivable and investments.

2. STAFF COSTS

There were no staff costs for the year ended 31st December 2015 nor for the year ended 31st December 2014.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2015

3. ADMINISTRATIVE EXPENSES

	31.12.2015	31.12.2014
	£	£
Administrative expenses	<u>(3,809,630)</u>	<u>(4,406,658)</u>

The Company completed the construction of the 5.3MW Canchayllo run-of-river hydro-electric project in Peru during December 2014 and the plant entered commission during January 2015. In July 2015 the Company completed the sale of the plant to Energias Renovables de os Andes SAC for US \$6.8 million. In addition a further US \$1 million is due to be received by way of reimbursement of amounts advanced towards the completion of the plant.

The Group has been in discussions with a number of potential buyers for the rest of the Group's Peruvian assets and based on the anticipated net proceeds a provision has been made of £3,732,745 (2014: £3,838,109 against the carrying value of loans to 99.99% owned Peruvian subsidiary Cascade Hydro Power S.A.C.

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	31.12.2015	31.12.2014
	£	£
Foreign exchange differences	<u>224,212</u>	<u>(124,521)</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSE

	31.12.2015	31.12.2014
	£	£
Other interest expense	<u>871,630</u>	<u>309,784</u>

6. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31st December 2015 nor for the year ended 31st December 2014

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 st January 2015	<u>243</u>
Additions	-
At 31 st December 2015	<u>243</u>
NET BOOK VALUE	
At 31 st December 2015	243
At 31 st December 2014	<u>243</u>

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2015

Cascade Hydro Power S.A.C.
Country of incorporation: Peru
Nature of business: Holding company

Class of shares:	%		
	holding		
Ordinary	99.99		
		31.12.2015	31.12.2014
		£	£
Aggregate capital and reserves		<u>(5,410,278)</u>	<u>(2,483,897)</u>

The Company owns 99.99% of the share capital of Cascade Hydro Power S.A.C., a company incorporated in Peru under registration number 12649544.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.2015	31.12.2014
	£	£
Amounts due from group undertakings	1,341,608	7,817,506
Other debtors	<u>1,831</u>	<u>66,351</u>
	<u>1,343,439</u>	<u>7,883,857</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.2015	31.12.2014
	£	£
Bank loans and overdrafts	46	550
Amounts owed to group undertakings	8,519,363	9,481,363
Other creditors	2,150,498	2,670,464
Directors' current accounts	<u>-</u>	<u>152,625</u>
	<u>10,669,907</u>	<u>12,305,002</u>

10. CALLED UP SHARE CAPITAL

			31.12.2015	31.12.2014
			£	£
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:		
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

11. RESERVES

	Profit and Loss account
	£
At 1 st January 2015	(4,520,753)
Deficit for the year	<u>(4,905,472)</u>
At 31 st December 2015	<u>(9,426,225)</u>

12. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Rurelec PLC, a company registered in England and Wales under registration number 4812855.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2015

13. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances from directors subsisted during the years ended 31st December 2015 and 31st December 2014:

	31.12.2015	31.12.2014
	£	£
A J S Morris		
Balance outstanding at start of year	50,000	50,000
Amounts advanced	-	-
Amounts repaid	50,000	-
Balance outstanding at end of year – resigned 23.10.15	n/a	50,000
P R S Earl		
Balance outstanding at start of year	-	75,000
Amounts advanced	-	-
Amounts repaid	-	(75,000)
Balance outstanding at end of year – resigned 29.06.15	n/a	-
Mrs E R Shaw		
Balance outstanding at start of year	94,383	-
Amounts advanced	-	94,383
Amounts repaid	94,383	-
Balance outstanding at end of year – resigned 01.08.15	n/a	94,383

Interest was accrued during the year on directors' loan accounts as follows:

- A J S Morris: £4,315
- E R Shaw: £8,145

A J S Morris and E R Shaw's principal was repaid during the year, but interest remains outstanding.

14. RELATED PARTY DISCLOSURES

As at the year end, an amount of £8,479,127 (2014: £11,193,535) was due from Cascade Hydro Power S.A.C. (CHPSAC), a 99.99% owned subsidiary incorporated in Peru under registration number 205443394379, in respect of a loan and development expenses incurred by the Company. A provision of £3,732,745 (2014: £3,838,109) has been made against this amount as stated in note 3.

As at the year end, an amount of £nil (2014: £105,137) was due from Empresa de Generacion Electrica Canchayllo S.A.C. (EGECSAC), a company incorporated in Peru under registration number 20545538629, in respect of a loan and development expenses incurred by the Company. EGECSAC was sold by CHPSAC in July 2015.

As at the year end, an amount of £366,445 (2014: £356,943) was due from Electricidad Andina S.A. (EASA), a company incorporated in Peru under registration number 20348922298, in respect of a loan and development expenses incurred by the Company. EASA is 99.99% owned by CHPSAC.

As at the year end, an amount of £8,519,363 (2014: £9,481,363) was due to the parent company, Rurelec PLC, in respect of a loan.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2015

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.2015	31.12.2014
	£	£
Loss for the financial year	(4,905,472)	(4,591,921)
Net Reduction to shareholders' Funds	<u>(4,905,472)</u>	<u>(4,591,921)</u>
Opening shareholders' Funds	<u>(4,420,753)</u>	<u>171,168</u>
Closing shareholders' Deficit	<u><u>(9,326,225)</u></u>	<u><u>(4,420,753)</u></u>

16. FRS 102 TRANSITION

The company has adopted FRS 102 for the year ended 31 December 2015. Due to the limited activities of the company, a, the directors are of the opinion that restatement does not have an impact for the company.