ERE Developments Limited

Directors' Report and financial statements

For the year ended 31 March 2017

Company registration number: NI601781

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ERE Developments Limited

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ERE Developments Limited

Directors and other information

Directors	Stephen Devine Ciaran Devine Andrew Street Christian Grundtvig Philip Kent (resigned 29 April 2016) Adrian Judge Hugh Unwin (appointed 29 April 2016)
Secretary	Stephen Devine
Registered office	18 Lisahally Road Maydown Londonderry BT47 6FL
Bankers	HSBC Bank plc Harvester House 4-8 Adelaide Street Belfast BT2 8GA Investec Bank plc 2 Gresham Street London EC2V 7QP
Solicitors	Carson & McDowell Murray House 4 Murray Street Belfast BT1 6DN
Auditor	KPMG Chartered Accountants Stokes House 17/25 College Square East Belfast BT1 6DH
Registered number	NI 601781

ERE Developments Limited

Directors report

The directors present their Annual Report and the audited financial statements for the year ended 31 March 2017. In accordance with section 419 (2) and part 19 of the Companies Act 2006, in preparing this report the directors have taken advantage of the small companies exemption.

Principal activities and business review

The principal activity of the Company is the operation of a wood-fuelled heat and power biomass plant in Londonderry Port, Northern Ireland. The directors are satisfied with the performance of the Company, as reflected in the full year's results, as trading only commenced in December 2015.

The directors have no plans to change significantly the activity and operations of the Company in the foreseeable future.

Results and dividend

The result for the year and the manner in which it is dealt with are set out in the profit and loss account and other comprehensive income on page 8 and in the related notes. The directors do not recommend the payment of a dividend (2016: £nil).

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company, as identified by the directors, are considered to relate to: the continued support of lenders; compliance with laws and regulations; fluctuations in market prices for electricity generated; and general risks associated with the ongoing operational performance typical of the plant.

Financial instruments

Due to the nature of its business, the Company is exposed to the effects of fluctuations in interest rates. In order to manage these exposures, the Company has entered into various hedging arrangements with commercial banks. These arrangements comprise the use of interest rate swaps. Further details are set out in note 1 to these financial statements.

Key performance indicators

The directors of the Company are involved in the management of the operational phase of the power plant, and monitor performance against plan and budget on a regular basis. Key KPIs monitored on a monthly basis include electricity generated and exported (MWh), renewable energy exported (MWh), fuel inventory & usage, ash disposal (tonnes), efficiency of fuel (moisture and energy content), plant efficiency, prices for electricity and capacity payments (£/MWh), prices for ROC buyouts and ROC recycle (£/ROC) as well as the normal monthly income & expenditure, balance sheet and cash flows.

ERE Developments Limited

Directors report *(continued)*

Directors

The directors who held office during the period were:

Stephen Devine
Ciaran Devine
Andrew Street
Christian Grundtvig
Philip Kent (resigned 29 April 2016)
Adrian Judge
Hugh Unwin (appointed 29 April 2016)

Political contributions

The Company made no political contributions or incurred political expenditure during either year.

Strategic report

In preparing the Directors' Report, the directors have taken the small companies exemption under section 414B of the Companies Act 2006 not to prepare a strategic report.

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the directors' report.

Given the current economic conditions the directors have considered the extent to which these matters create uncertainty, particularly over the Company's future trading prospects and the availability of finance in the foreseeable future.

The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. To ensure the Company has in place the necessary financial resources to meet its obligations, the directors have undertaken a review of the Company's financial structure. Following this review, the Company has entered discussions with its existing lenders to ensure it has sufficient financial resources to meet its ongoing requirements. The directors are confident that the Company's funders are supportive of these proposals and accordingly, they continue to adopt the going concern basis in preparing the financial statements.

ERE Developments Limited

Directors report *(continued)*

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG will therefore continue in office.

By Order of the Board

Mr C. Devine
Director

27th July 2017

ERE Developments Limited

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.

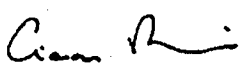
Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *the Financial Reporting Standard applicable in the UK and ROI.*

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

On behalf of the board



Mr C. Devine
Director

27th July 2017

KPMG
Audit
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditor's report to the members of ERE Developments Limited

We have audited the financial statements of ERE Developments Limited for the year ended 31 March 2017 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities). Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

3 We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

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;
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of the above responsibilities.

KPMG, an Irish partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

KPMG

Independent auditor's report to the members of ERE Developments Limited
(continued)

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. 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 Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

John Poole (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
Stokes House
17-25 College Square East
Belfast
BT1 6DH

27 July 2017

ERE Developments Limited

Profit and loss account and other comprehensive income

for the year ended 31 March 2017

	Note	2017	2016 Restated
		£	£
Turnover		**15,230,439**	4,938,939
Cost of sales		**(8,739,474)**	(2,041,302)
Gross Profit		**6,490,965**	2,897,637
Administrative expenses		**(5,124,211)**	(2,474,384)
Operating profit		**1,366,754**	423,253
Interest receivable and similar income	*3a*	**2,097**	1,846
Interest payable and similar charges	*3b*	**(6,553,951)**	(2,163,428)
Loss on ordinary activities before taxation	*4*	**(5,185,100)**	(1,738,329)
Tax on loss on ordinary activities	*5*	**-**	-
Loss for the financial year		**(5,185,100)**	(1,738,329)
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges		**(65,043)**	(703,478)
Total comprehensive income for the year		**(5,250,143)**	(2,441,807)

All activities in the current and prior year have arisen from continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

ERE Developments Limited

Balance sheet

as at 31 March 2017

	Note	2017	2016 Restated
		£	£
Fixed assets			
Tangible assets	6	**65,820,524**	69,388,958
		65,820,524	69,388,958
Current assets			
Debtors	7	**5,963,330**	5,519,340
Fuel stock		**103,599**	140,393
Cash at bank and in hand		**5,883,813**	3,080,272
		11,950,742	8,740,005
Creditors: Amounts falling due within one year	8	**(6,358,588)**	(4,900,719)
Net current assets		**5,592,154**	3,839,286
Total assets less current liabilities		**71,412,678**	73,228,244
Creditors: Amounts falling due after one year	9	**(78,615,995)**	(75,181,418)
Net liabilities		**(7,203,317)**	(1,953,174)
Capital and reserves			
Called up share capital	11	**58,004**	58,004
Profit and loss account		**(7,510,520)**	(2,325,420)
Share premium account		**5,741,996**	5,741,996
Cash flow reserve		**(5,492,797)**	(5,427,754)
Shareholders' deficit		**(7,203,317)**	(1,953,174)

These accounts have been prepared in accordance with the provision applicable to companies subject to the small companies regime and in accordance with the provisions of Section 1A – Small Entities of FRS 102.

These financial statements were approved by the Board of directors on 27th July 2017 and signed on its behalf by:

On behalf of the board

C. Devine
Director

Company registration number: NI 601781
The notes on pages 12 to 26 form part of these financial statements.

ERE Developments Limited

Statement of changes in equity

Year ended 31 March 2017

	Called up Share capital £	Share Premium account £	Cash flow hedge reserve £	Profit and loss account £	Total equity £
Balance at 1 April 2015	58,004	5,741,996	(4,724,276)	(587,091)	488,633
Total comprehensive income for the year					
Loss for the year (restated)	-	-	-	(1,738,329)	(1,738,329)
Other comprehensive loss	-	-	(703,478)	-	(703,478)
Total comprehensive loss for the year (restated)	-	-	(703,478)	(1,738,329)	(2,441,807)
Balance at 31 March 2016 (restated)	**58,004**	**5,741,996**	**(5,427,754)**	**(2,325,420)**	**(1,953,174)**

ERE Developments Limited

Statement of changes in equity

Year ended 31 March 2017

	Called up Share capital £	Share Premium account £	Cash flow hedge reserve £	Profit and loss account £	Total equity £
Balance at 1 April 2016 (restated)	58,004	5,741,996	(5,427,754)	(2,325,420)	(1,953,174)
Total comprehensive income for the year					
Loss for the year	-	-	-	(5,185,100)	(5,185,100)
Other comprehensive loss	-	-	(65,043)	-	(65,043)
Total comprehensive loss for the year	-	-	(65,043)	(5,185,100)	(5,250,143)
Balance at 31 March 2017	**58,004**	**5,741,996**	**(5,492,797)**	**(7,510,520)**	**(7,203,317)**

ERE Developments Limited

Notes

(forming part of the financial statements)

1 Accounting policies

ERE Developments Limited (the "Company") is a company limited by shares and incorporated and domiciled in Northern Ireland.

These financial statements were prepared in accordance with FRS 102 '*the Financial Reporting Standard applicable in the UK and Ireland*' as issued in September 2015 ('FRS 102') Section 1A Small entities for the year ended 31 March 2017. The presentation currency of these financial statements is sterling.

The Company's parent undertaking, ERE LPS Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of ERE LPS Holdings Ltd are available to the public and may be obtained from 18 Lisahally Road, Maydown, Londonderry, BT47 6FL. 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; and
- Key Management Personnel compensation.

As the consolidated financial statements of ERE LPS Holdings Limited 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 16.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss account.

Notes *(continued)*

1 **Accounting policies** *(continued)*

1.2 Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the directors' report.

Given the current economic conditions the directors have considered the extent to which these matters create uncertainty, particularly over the Company's future trading prospects and the availability of finance in the foreseeable future.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. To ensure the Group has in place the necessary financial resources to meet its obligations, the directors have undertaken a review of the Group's financial structure. Following this review, the Group has entered discussions with its existing lenders to ensure it has sufficient financial resources to meet its ongoing requirements. The directors are confident that the Group's funders are supportive of these proposals and accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 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 transactions 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. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Other financial instruments

Financial instruments not considered to be basic financial instruments are classified as other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and accumulated in equity in the hedging reserve. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is transferred immediately to profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Turnover

Turnover is stated net of trade discounts, VAT and similar taxes and derives from the provision of goods and services falling within the Company's ordinary activities.

Services are deemed to have been delivered to customers when and to the extent that the Company has met its obligations under its service contracts.

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost / deemed 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.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.14 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) 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. Leased assets are depreciated over the shorter of the lease term and their useful lives. No depreciation is charged on assets under construction until such a point as the asset is ready for use. Depreciation is charged on plant and machinery on a 25% straight line basis and on a 5% straight line basis on the power plant.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.10 Issue costs

Costs incurred by the Company which are directly attributable to the issue of new shares in the period are offset against the share premium amount. Costs incurred by the Company in securing and agreeing sources of finance and which, if not incurred, would result in a failure to obtain such finances, are offset against the proceeds of that finance. These costs are amortised over the life of the loan, regardless of whether or not repayment has commenced on that loan.

Commitment fees paid for access to funds via a committed facility, where it is probable that such funds will be drawn down, will be deferred until such a time as the funds have been drawn down. At this point, the commitment fees will be treated as issue costs as detailed above.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 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.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.14 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

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.

1.15 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; and differences relating to investments in subsidiaries. to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. 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 provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Turnover

	2017 £	2016 £
Power revenue	**4,368,982**	661,670
ROC payout	**10,248,029**	4,021,467
Capacity payments	**600,331**	255,802
Other income	**13,097**	-
	15,230,439	4,938,939

Turnover is derived solely from operations in the United Kingdom.

3a Interest receivable and similar income

	2017 £	2016 £
Bank interest received	**2,097**	1,846
	2,097	1,846

3b Interest payable and similar charges

	2017 £	2016 Restated £
Amortisation of debt issue costs	**295,756**	174,296
Interest payable	**6,258,195**	1,989,132
	6,553,951	2,163,428

4 Loss on ordinary activities before taxation

	2017 £	2016 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	**3,571,357**	1,223,371
Auditor's remuneration - audit services	**18,000**	18,000
Auditor's remuneration – tax services	**4,500**	4,500

Directors' fees of £30,000 were paid by UK Waste and Resource Energy Investment LP on behalf of the Company.

The Company did not have any employees in the current or prior year.

Notes *(continued)*

5 Taxation

a) *Analysis of charge in years*

	2017 £	2016 £
UK corporation tax on current tax		
Current tax on income for the years	-	-
Adjustments in respect of previous years	-	-
Total UK current tax charge		
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous years	-	-
Impact of change in deferred tax rate	-	-
Total deferred tax	-	-
Tax on loss on ordinary activities	-	-

The basis by which taxation is calculated is stated in note 1.

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

The tax assessed for the period is a lower credit (2016: lower credit) than the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before taxation		
Loss on ordinary activities before taxation	**(5,185,101)**	(1,738,329)
Current tax at 20% (2016: 20%)	**(1,037,020)**	(347,666)
Effects of:		
Expenses not deductible for tax purposes	**362,667**	168,698
Capital allowances for period in excess of depreciation	-	-
Deferred tax not recognised	**674,353**	178,968
Adjustments in respect of prior years	-	-
Total current tax charge	-	-

c) *Factors that may affect future tax charges*

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Act 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantive enactment on 6 September 2016. Together, these will reduce the Company's future current tax charge accordingly. The deferred tax asset not recognised at the balance sheet date has been calculated based on the rate of 20% substantively enacted at the balance sheet date and amounted to £2,144,315 (2016:£1,640,148).

Notes *(continued)*

6 Tangible fixed assets

	Plant & machinery	Power Plant	Total
	£	£	£
Cost			
At 1 April 2016	198,975	70,417,634	70,616,609
Additions	2,923	-	2,923
At 31 March 2017	201,898	70,417,634	70,619,532
Depreciation			
At 1 April 2016	54,024	1,173,627	1,227,651
Charge for year	50,475	3,520,882	3,571,357
At 31 March 2017	104,499	4,694,509	4,799,008
Net book value			
At 31 March 2017	**97,399**	**65,723,125**	**65,820,524**
At 31 March 2016	144,951	69,244,007	69,388,958

7 Debtors

	2017	2016
	£	£
Trade debtors	**12,008**	446,491
Amounts due from parent undertaking	**1,746,010**	2,307,006
Prepayments and other debtors	**4,205,312**	2,765,843
	5,963,330	5,519,340

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	**1,644,826**	671,939
Accruals	**1,807,225**	1,827,354
Finance lease obligations (see below)	**37,493**	41,087
VAT	**101,856**	44,001
Intercompany Payable	**-**	476,986
Loans (see below)	**2,767,188**	1,839,352
	6,358,588	4,900,719

9 Creditors: amounts falling due after more than one year

	2017 £	2016 £ Restated
Loans (see below)	**73,123,198**	69,719,766
Derivative financial liability	**5,492,797**	5,427,754
Finance lease obligations (see below)	**-**	33,898
	78,615,995	75,181,418

	2017 £	2016 £
Analysis of loan balance:		
Loans	**64,490,806**	64,703,642
Add: capitalised interest	**10,786,047**	7,370,118
Less: issue costs	**(2,516,884)**	(2,516,884)
Add: amortisation of issue costs	**363,229**	162,890
	73,123,198	69,719,766

Analysis of debt:

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Within one year	**2,767,188**	1,839,352
In the second to fifth years	**10,623,740**	9,113,054
Over five years	**64,653,113**	62,960,706
	78,044,041	73,913,112

Notes *(continued)*

10 Interest bearing borrowings

The loans are secured by:

1 Full title guarantee to all of its rights, title and interest in each deposit it holds.
2 Fixed and floating charge over the Company's interest, right or title in freehold land, property, fixtures, plant and machinery, stocks and other securities, assigned investments, all other plant, including capital and intellectual property rights.

The Company is 100% owned by ERE LPS Holdings Limited, a company incorporated in the United Kingdom. ERE LPS Holdings Limited has loan agreements in place with the funders listed in note 13 below and ERE LPS Holdings Limited provides this funding to the Company on identical terms. £36,630,273 (2016: £31,189,553) of the loan balances above are between ERE LPS Holdings Limited and the Company. However, funds drawn down in the current and prior years on these loans were paid directly to the Company from the funders listed in note 13 rather than through the holding company.

The Company has undrawn committed borrowing facilities totalling £Nil at the year-end (2016: £Nil).

Terms and debt repayment schedule

	Currency	Year of maturity	2017
			£
GCP Biomass Mezz Loan	£	**31 Dec 2032**	**18,442,605**
UKWREI Mezz Loan	£	**31 Dec 2032**	**18,187,668**
Investec/Eksport Kredit Fonden ("EKF") loan	£	**31 Dec 2028**	**41,413,768**

The nominal interest rate on GCP Biomass Mezz and UK UREI loans is 10%. Interest on the 80% share of the loan that is held with Investec Bank/EKF is at 3.305%, with the remaining 20% of the total loan at floating LIBOR rate.

The maturity of finance lease obligations is as follows:

	2017	2016
	£	£
Within one year	**37,493**	41,087
In the second to fifth years	-	33,898
	37,493	74,985

Notes *(continued)*

11 Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid		
5,800,400 (2016: 5,800,400) Ordinary shares of £0.01 each	**58,004**	58,004

12 Capital commitments

The Company had future capital expenditure which had been contributed but not provided for on the financial statements at 31 March 2017 of £Nil (2016: £nil).

13 Related party disclosures

During the period EGH (NI) Limited issued invoices/credit notes to ERE Developments Limited amounting to £93,856 (2016: £200,000). At the year end ERE Developments Limited owed £88,385 to EGH (NI) Limited (2016: £Nil).

ERE Lisahally Limited is a company which is 100% owned by Stephen and Ciaran Devine. During the period, invoices/credit notes amounting to £245,443 (2016: £294,391) were issued to ERE Developments Limited by ERE Lisahally Limited. There was also various other charges incurred on behalf of ERE Developments Limited that ERE Lisahally Limited recharged to the Company in the current financial year amounting to £5,433 (2016: £43,490). At the period end, no balances remained outstanding (2016: £nil).

During the period, Burmeister & Wain Scandanavian Contractor A/s issued invoices amounting to £2,086,612 (2016: £10,429,119) to ERE Developments Limited. At the year end, ERE Developments owed BWSC £1.5m (2016: £1.5m).

Green Investment Bank plc is a limited partner in UK Waste and Resource Energy Investments LP, which is a shareholder in ERE LPS Holdings Limited. During the period, UK Waste and Resource Energy Investments LP provided funding of £1m to the Company (2016: £nil). A balance of £18,186,849 (2016: £15,473,248) remains outstanding at the year end.

The directors are considered to be key management of the Company.

14 Ultimate parent company and controlling parties

The directors consider the ultimate controlling parties to be: EGH (NI) Limited; UK Waste and Resources Energy Investments LP; and Burmeister & Wain Scandanavian Contractor A/s.
The Company is owned 100% by ERE LPS Holdings Limited, a company incorporated in the United Kingdom. The Company has taken advantage of the exemption under FRS 102 section 33 not to disclose transactions with entities that are part of the Group. The results of the Company are included in the consolidated financial statements of ERE LPS Holdings Limited, which are publicly available.

The Company's direct parent undertaking is owned by: EGH (NI) Limited (33.33%); UK Waste and Resources Energy Investments LP (49.43%); and Burmeister & Wain Scandanavian Contractor A/s (17.24%).

Notes *(continued)*

15 Post balance sheet events

There have been no significant post balance sheet events.

16 Key accounting estimates and judgements

Key sources of estimation uncertainty

As disclosed in note 1.8 to the financial statements, tangible fixed assets are stated at cost less accumulated depreciation. The power plant asset, shown in note 6, has a cost of £70,417,634 and became fully operational at the beginning of December 2015. The directors consider that this has a useful economic life of twenty years with no residual value. As such depreciation at 5% on a straight line basis has been provided into these financial statements, with a total depreciation charge on these assets of £3,520,882 (2016: £1,173,627) charged to the profit and loss account. The net book value of this asset included in the balance sheet is therefore £65,723,125 (2016: £69,244,007).

17 Financial instruments

Carrying amount of financial instruments
The carrying amounts of the financial assets and liabilities include:

	2017 £	2016 £
Liabilities measured at fair value through profit or loss	**5,492,797**	5,427,754

Financial instruments measured at fair value
Due to the nature of its business, the Company is exposed to the effects of fluctuations in interest rates. In order to hedge the risk of adverse variable interest rate fluctuations associated with the wood biomass plant loan, the Company has entered into floating to fixed rate swap agreements, denominated in Sterling for the 80% of the £42 million loan amount with Investec Bank/EFK that matures in 2028. This interest rate swap is designated as a cash flow hedge which is recorded at fair value as a non-current liability with the effective portion of changes in fair value recorded as a component of other comprehensive income.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Notes *(continued)*

18. Correction of error

During 2017, the Company discovered that interest accrued on long-term loans had been omitted from the financial statements in the previous year. The error has been corrected by restating each of the affected financial statement line items for the comparative period. The following tables summarise the impact on the Company's financial statements.

i) Balance Sheet

	Impact of correction of error		
31 March 2016	As previously reported £	Adjustment £	As restated £
Creditors: amounts falling due after one year: Loans (Note 9)	(68,996,207)	(723,559)	(69,719,766)
Net liabilities	(1,229,615)	(723,559)	(1,953,174)
Profit and loss account	(1,601,861)	(723,559)	(2,325,420)
Shareholders' deficit	(1,229,615)	(723,559)	(1,953,174)

ii) Statement of Profit and Loss and OCI

	Impact of correction of error		
For the year ended 31 March 2016	As previously reported £	Adjustment £	As restated £
Interest payable and similar charges (Note 3b)	(1,439,869)	(723,559)	(2,163,428)
Loss for the financial year	(1,014,770)	(723,559)	(1,738,329)
Total comprehensive loss for the year	(1,718,248)	(723,559)	(2,441,807)