

**BWSC North Lincs Limited**

**Annual report and financial statements**

**Registered number 6337326**

**31 December 2015**

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## **Company information**

### **Directors**

C Grundtvig  
C Sorensen  
D Jensen

### **Registered office**

20-22 Bedford Row  
London  
WC1R 4JS

### **Auditor**

KPMG LLP  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

### **Company secretary**

Jordan Company Secretaries Limited

## Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2015.

### Principal activities

BWSC East Anglia Limited will develop and operate a straw burning power plant.

### Business Review

The company initiated in November 2013 the Engineering, Procurement and Construction (EPC) project of a 40MW biomass power plant.

All cost incurred related to the power plant during the year has been capitalised. During late 2015 the Company initiated testing on the power plant which generated revenues, which has also been capitalised.

The ownership of the power plant was taken over in January 2016, and subsequently became operational, which was ahead of schedule.

Loss for the year relates to administrative expenses and interest expenses which are not eligible to be capitalised as part of the power plant.

### Proposed dividend

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

### Directors

The directors who held office during the year were as follows:

C Sorensen  
C Grundtvig  
D Jensen

### Political donations

The Company made no political donations or incurred any political expenditure during the year (2014: £nil).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

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

By order of the board

  
C Grundtvig  
Director

20- 22 Bedford Row  
London  
WC1R 4JS

25 May 2016

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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.



KPMG LLP  
3 Assembly Square  
Britannia Quay  
Cardiff Bay  
CF10 4AX  
United Kingdom

## **Independent auditor's report to the members of BWSC North Lincs Limited**

We have audited the financial statements of BWSC North Lincs Limited for the year ended 31 December 2015 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS102 *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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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](http://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 UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**


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

## **Independent auditor's report to the members of BWSC North Lincs Limited *(continued)***

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



**Emma Holiday**  
**(Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

28th June 2016

**Profit and Loss Account**  
*for the year ended 31 December 2015*

	<i>Note</i>	<b>2015 £000</b>	<b>2014 £000</b>
Administrative expenses		(947)	(699)
Other expenses		-	6
<b>Operating loss</b>		<b>(947)</b>	<b>(693)</b>
Other interest receivable and similar income	6	12	-
Interest payable and similar charges	7	(1,936)	(2,078)
<b>Loss on ordinary activities before taxation</b>	2	<b>(2,871)</b>	<b>(2,771)</b>
Tax on loss on ordinary activities	8	544	554
<b>Loss for the financial period</b>	18	<b>(2,327)</b>	<b>(2,217)</b>

The company's operating loss for the current and preceding financial years derives from continuing operations.

The profit and loss account presents all items of income and expense recognised in both 2015 and 2014. There are no items of other comprehensive income in either year.



**Balance Sheet**  
*at 31 December 2015*

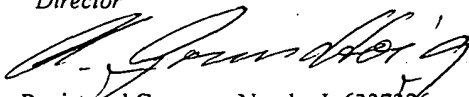
	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	9	149,373	100,539
<b>Current assets</b>			
Stocks	11	3,119	-
Debtors	12	5,787	1,831
Cash at bank and in hand		885	1,133
		<u>9,791</u>	<u>2,964</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,078)</u>	<u>(91)</u>
<b>Net current assets</b>		<u>6,713</u>	<u>2,873</u>
<b>Total assets less current liabilities</b>		<u>156,086</u>	<u>103,412</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(161,478)</u>	<u>(106,606)</u>
<b>Provisions for liabilities</b>			
Deferred tax liability	15	(129)	-
<b>Net liabilities</b>		<u>(5,521)</u>	<u>(3,194)</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Profit and loss account	17	(5,522)	(3,195)
<b>Deficit on shareholders' funds</b>		<u>(5,521)</u>	<u>(3,194)</u>

These financial statements were approved by the board of directors on  
and were signed on its behalf by:

25 May

2016

**C Grundtvig**  
Director

  
Registered Company Number L 6337826

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

## Statement of Changes in Equity

	Called up share capital £000	Profit & loss account £000	Total equity £000
Balance at 1 January 2014	1	(978)	(977)
Total comprehensive income	-	(2,217)	(2,217)
Balance at 31 December 2014	<u>1</u>	<u>(3,195)</u>	<u>(3,194)</u>

	Called up share capital £000	Profit & loss account £000	Total equity £000
Balance at 1 January 2015	1	(3,195)	(3,194)
Total comprehensive income	-	(2,327)	(2,327)
Balance at 31 December 2015	<u>1</u>	<u>(5,522)</u>	<u>(5,521)</u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

BWSC North Lincs Limited is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation and functional currency of these financial statements is sterling.

The financial statements are prepared on the historical cost basis. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's parent undertaking, BWSC Power Corporation Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of BWSC Power Corporation Limited are prepared in accordance with Financial Reporting Standard 102 and are available to the public and may be obtained from the address stated in note 20. 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:

- Cash Flow Statement and related notes;

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company has taken advantage of the exemption under FRS 102 "Related Party Disclosures" from the requirement to disclose transactions with BWSC Power Corporation Limited and its 100% owned subsidiary undertakings on the basis that the company is a wholly owned subsidiary and the accounts of BWSC Power Corporation Limited are publicly available.

The Company has taken advantage of the exemption from preparing consolidated accounts on the grounds of it being a small group.

#### *Going concern*

The Company for the year ended 31 December 2015 made a loss before taxation £2,871,000 (2014: £2,771,000) and has net liabilities of £5,521,000 (2014: £3,194,000). The Company is in the construction phase of operations and under its 30 year operational and financial model the power plant is due to come on line in 2016 and generate profits in 2016. The financial model forecasts overall profitability. The construction phase is being financed by a loan from its parent company. The directors consider that the loan facility provides adequate finance to meet liabilities as they fall due.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

#### *Tangible fixed assets and depreciation*

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

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

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- No depreciation is provided on freehold land.
- No depreciation is charged on assets under construction. Cost includes directly attributable finance costs.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation (continued)*

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

A review for impairment is undertaken at the end of each reporting period.

#### *Foreign currencies*

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.

#### *Expenses*

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

Interest payable and similar charges include interest payable, finance charges and net foreign exchange losses. 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.

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. Foreign currency gains and losses are reported on a net basis.

#### *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. Deferred tax balances are not discounted.

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. 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 interest for a similar debt instrument.

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

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

##### *Investments*

In the Company's financial statements, investments in subsidiary undertakings are measured at cost less impairment.

##### *Cash and cash equivalents*

Cash and cash equivalents comprises cash balances and call deposits, less bank overdrafts repayable on demand.

##### *Stocks*

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

##### *Long term contracts*

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

## Notes (continued)

### 2 Analysis of loss on ordinary activities before taxation

All losses before taxation are derived from operations in the United Kingdom.

### 3 Expenses and auditor's remuneration

*Loss on ordinary activities before taxation is stated after charging:*

*Auditors' remuneration:*

	2015 £000	2014 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Audit of these financial statements	12	5
Other services – relating to taxation	4	3
	<u>16</u>	<u>8</u>

### 4 Directors' remuneration

No director received emoluments from the company in either year. There are no retirement benefits accruing to the directors.

### 5 Staff numbers and costs

The average number of persons employed by the Group during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Administrative	<u>3</u>	<u>1</u>

The aggregate payroll costs of these persons were as follows:

	2015 £000	Period to 31 December 2014 £000
Wages and salaries	195	59
Social security costs	6	8
	<u>201</u>	<u>67</u>

**Notes** *(continued)*

**6 Other interest receivable and similar income**

	2015 £'000	2014 £'000
Bank interest	9	-
Exchange gain	3	-
	<u>12</u>	<u>-</u>
	<u>12</u>	<u>-</u>

**7 Interest payable and similar charges**

	2015 £'000	2014 £'000
Interest payable on Group loan	1,935	-
Interest payable – bank charges	1	2,078
	<u>1,936</u>	<u>2,078</u>
	<u>1,936</u>	<u>2,078</u>

## Notes (continued)

### 8 Taxation

	2015 £000	2014 £000
<i>Current tax</i>		
Current tax on income for the period	-	-
Total current tax	-	-
<i>Group relief</i>		
Amounts received for group relief	(781)	-
Adjustments in respect of prior year	(677)	-
	(1,458)	-
<i>Deferred tax (see note 15)</i>		
Origination and reversal of timing differences	207	554
Adjustments in respect of prior year	707	-
	914	554
Total tax	544	554
<b>Reconciliation of effective tax rate</b>		
	2015 £000	2014 £000
Loss for the year	(2,327)	(2,217)
Total tax credit	544	554
Loss excluding taxation	(2,871)	(2,771)
Tax using the UK corporation tax rate of 20% (2014 : 20%)	(574)	(554)
Prior year movement in deferred tax	707	-
Group relief surrendered without charge	(677)	-
Total tax credit included in profit or loss	(544)	(554)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The deferred tax asset/liability at 31 December 2015 has been calculated based on these rates.



**Notes (continued)**

**9 Tangible fixed assets**

	Land £000	Assets under construction £000	Total £000
<i>Cost</i>			
At beginning of year	2,426	98,113	100,539
Additions	-	48,834	48,834
	<hr/>	<hr/>	<hr/>
At end of year	2,426	146,947	149,373
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2015	2,426	146,947	149,373
	<hr/>	<hr/>	<hr/>
At 31 December 2014	2,426	98,113	100,539
	<hr/>	<hr/>	<hr/>

Included in the cost of tangible fixed assets is £21,218,000 (2014: £6,257,000) in respect of capitalised finance costs.

**10 Fixed asset investments**

	Investment in subsidiary company £
<i>Cost or valuation</i>	
At 1 January 2015 and 31 December 2015	2
	<hr/>
<i>Net book value</i>	
At 31 December 2015	2
	<hr/>
At 31 December 2014	2
	<hr/>

The following was a subsidiary undertaking of the company:

Subsidiary undertaking	Country of incorporation	Principal activity	Class and percentage of shares held
BWSC Northern Fuels Limited	England and Wales	Power plant operations	100% ordinary

## Notes (continued)

### 11 Stocks

	2015	2014
	£000	£000
Raw materials and consumables	3,119	-

### 12 Debtors

	2015	2014
	£000	£000
Trade debtors	780	15
Amounts owed by group undertakings	169	190
Other debtors	7	21
Deferred tax (note 15)	-	785
Taxation and social security	950	49
Prepayments	2,423	771
Group relief recoverable	1,458	-
	5,787	1,831

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

	2015	2014
	£000	£000
Trade creditors	2,084	31
Amounts owed to group undertakings	126	25
Other creditors	26	35
Accruals and deferred income	842	-
	3,078	91

**Notes (continued)**

**14 Creditors: amounts falling due after more than one year**

	2015 £000	2014 £000
Loan due to parent company	161,478	106,606

The loan from parent company is secured on the assets of the company and bears interest at 12%.

No schedule for repayments have been agreed with the lender, but negotiations will be made during 2016, and the directors expect to start the repayment during 2017. The parent company will analyse the surplus liquidity within the company and assess the level of acceptable repayments

**15 Deferred taxation (liability) / asset**

Deferred tax (liabilities) / assets are attributable to the following:

	2015 £000	2014 £000
Fixed asset timing difference	(4,244)	-
Unused tax losses	4,115	785
Net tax (liability)/asset	(129)	785

**16 Called up share capital**

	2015 £	2014 £
<i>Authorised, called up and fully paid</i>		
70,000 A ordinary shares of £0.01 each	700	700
30,000 B ordinary shares of £0.01 each	300	300
	1,000	1,000

## Notes (continued)

### 17 Share capital and reserves

	Share capital	Profit and loss account	Total 31 December 2015	31 December 2014
	£000	£000	£000	£000
At start of year	1	(3,195)	(3,194)	(977)
Loss for the year	-	(2,327)	(2,327)	(2,217)
At end of year	1	(5,522)	(5,521)	(3,194)

### 18 Commitments

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2015 £000	2014 £000
Contracted	12,593	31,483

The contracted capital commitments are in relation to the construction of the power plant.

### 19 Related party disclosures

The Company has taken advantage of the exemption available under paragraph 33.1a of the provisions of FRS 102 Related Party Disclosures, on the grounds that it is a wholly owned subsidiary of the BWSC Power Corporation Group.

### 20 Ultimate parent company and parent undertaking

The company is a wholly owned subsidiary of BWSC Power Corporation Limited. BWSC Power Corporation Limited is a company registered in England and Wales, which heads the largest and only group in which the results of the company are consolidated and is a joint venture owned by Burmeister & Wain Scandinavian Contractor A/S, and CII PCL APS both incorporated in Denmark.

The consolidated financial statements of BWSC Power Corporation Limited are available to the public and may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff, CF1 3UZ.

The ultimate parent company is PensionDanmark, a company incorporated in Denmark. Consolidated financial statements are not prepared.

### 21 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1 these are the Company's first financial statements prepared in accordance with FRS 102. The accounting policies set out in the notes have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 financial statements, the Company confirms there are no adjustments to amounts reported previously in the profit and loss account and balance sheet of the financial statements prepared in accordance with its old basis of accounting (UK GAAP).