

Registered number: 07871346

Land Energy ESCO1 Limited

Directors' report and financial statements

for the year ended 31 December 2014



Land Energy ESCO1 Limited

Company Information

Directors	P J Foley J R Westmacott
Company secretary	JR Westmacott
Registered number	07871346
Registered office	Hudson House 8 Tavistock Street London WC2E 7PP
Independent auditors	Ernst & Young LLP G1 5 George Square Glasgow G2 1DY

Land Energy ESCO1 Limited

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Land Energy ESCO1 Limited

Directors' report for the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Directors' responsibilities statement

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

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

Directors

The directors who served during the year were:

P J Foley
J R Westmacott

Going Concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest rate, credit and foreign exchange are described above. The Company's parent undertaking, Gottex, has indicated it will support the company to settle all external liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements.

After making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Land Energy ESCO1 Limited

**Directors' report
for the year ended 31 December 2014**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 18th March 2015 and signed on its behalf.



JR Westmacott
Secretary

Land Energy ESCO1 Limited

Independent auditors' report to the shareholders of Land Energy ESCO1 Limited

We have audited the financial statements of Land Energy ESCO1 Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditors' 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 auditors

As explained more fully in the Directors' responsibilities statement set out on page 1, 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

An audit 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.

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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Land Energy ESCO1 Limited

Independent auditors' report to the shareholders of Land Energy ESCO1 Limited

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 prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Ernst & Young LLP

Walter Campbell (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP

Statutory Auditor

Glasgow

Date: 18/3/2015

Land Energy ESCO1 Limited

**Profit and loss account
for the year ended 31 December 2014**

	Note	2014 £	2013 £
Turnover	1	224,273	208,283
Cost of sales		<u>(166,158)</u>	<u>(164,793)</u>
Gross profit		58,115	43,490
Administrative expenses		<u>(69,134)</u>	<u>(66,683)</u>
Operating loss	2	(11,019)	(23,193)
Interest payable and similar charges	3	<u>(82,490)</u>	<u>(82,490)</u>
Loss on ordinary activities before taxation		(93,509)	(105,683)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the financial year	11	<u>(93,509)</u>	<u>(105,683)</u>

The notes on pages 7 to 11 form part of these financial statements.

Land Energy ESCO1 Limited
Registered number: 07871346

Balance sheet
as at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	5		462,250		516,831
Current assets					
Debtors	6	54,810		39,754	
Cash at bank		46,526		48,423	
		<u>101,336</u>		<u>88,177</u>	
Creditors: amounts falling due within one year	7	<u>(54,800)</u>		<u>(23,505)</u>	
Net current assets			46,536		64,672
Total assets less current liabilities			<u>508,786</u>		<u>581,503</u>
Creditors: amounts falling due after more than one year	8		<u>(708,212)</u>		<u>(687,420)</u>
Net liabilities			<u><u>(199,426)</u></u>		<u><u>(105,917)</u></u>
Capital and reserves					
Called up share capital	10		1		1
Profit and loss account	11		<u>(199,427)</u>		<u>(105,918)</u>
Shareholders' deficit			<u><u>(199,426)</u></u>		<u><u>(105,917)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

18/3/2015


P J Foley
Director

The notes on pages 7 to 11 form part of these financial statements.

Land Energy ESCO1 Limited

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The balance sheet is in a net deficit position. The Company's parent undertaking, Gottex, has indicated it will support the company to settle all external liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. On this basis, the directors are of the opinion that it is appropriate to prepare the financial statements on the going concern basis.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	5% - 10% Straight Line
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1.5 Deferred taxation

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 tax 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 the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 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.

Land Energy ESCO1 Limited

**Notes to the financial statements
for the year ended 31 December 2014**

2. Operating loss

The operating loss is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	54,581	54,581
Auditors' remuneration	3,000	2,500
Auditors' remuneration - non-audit	2,348	-
	<u>59,929</u>	<u>57,081</u>

During the year, no director received any emoluments (2013 - £NIL).

3. Interest payable

	2014 £	2013 £
On loans from group undertakings	82,490	82,490
	<u>82,490</u>	<u>82,490</u>

4. Taxation

	2014 £	2013 £
UK corporation tax charge on loss for the year	-	-
	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *higher than*) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.2%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(93,509)	(105,683)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.2%)	(20,095)	(24,571)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,472	9,628
Capital allowances for year in excess of depreciation	344	(1,495)
Unrelieved tax losses carried forward	10,279	16,438
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Land Energy ESCO1 Limited

**Notes to the financial statements
for the year ended 31 December 2014**

4. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 23% to 21% took effect from 1 April 2014. A further reduction from 21% to 20% was substantively enacted in July 2013 and will be effective from 1 April 2015.

5. Tangible fixed assets

	Plant & machinery £
Cost	
At 1 January 2014 and 31 December 2014	<u>580,321</u>
Depreciation	
At 1 January 2014	63,490
Charge for the year	<u>54,581</u>
At 31 December 2014	<u>118,071</u>
Net book value	
At 31 December 2014	<u>462,250</u>
At 31 December 2013	<u>516,831</u>

6. Debtors

	2014 £	2013 £
Trade debtors	-	3,202
Other debtors	<u>54,810</u>	<u>36,552</u>
	<u>54,810</u>	<u>39,754</u>

Land Energy ESCO1 Limited

**Notes to the financial statements
for the year ended 31 December 2014**

**7. Creditors:
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	3,648	2,124
Amounts owed to group undertakings	33,480	9,315
Other taxation and social security	2,809	1,432
Other creditors	14,863	10,634
	<u>54,800</u>	<u>23,505</u>

**8. Creditors:
Amounts falling due after more than one year**

	2014 £	2013 £
Amounts owed to group undertakings	<u>708,212</u>	<u>687,420</u>

The loan from the parent undertaking relates to a loan made from Land Energy Girvan Limited. The loan attracts interest at 12% per annum paid quarterly.

9. Deferred taxation

	2014 £	2013 £
At beginning and end of year	<u>-</u>	<u>-</u>

The company has an unrecognised deferred tax asset of £21,854 (2013: £12,718). This has not been recognised due to the uncertainty surrounding future profits.

10. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

Land Energy ESCO1 Limited

**Notes to the financial statements
for the year ended 31 December 2014**

11. Reserves

	Profit and loss account £
At 1 January 2014	(105,918)
Loss for the financial year	(93,509)
	<hr/>
At 31 December 2014	(199,427)
	<hr/>

12. Related party transactions

The company is exempt from disclosing transactions with other wholly owned group companies under FRS 8 'Related Party Disclosures' as it is wholly owned by Land Energy Girvan Limited.

13. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Land Energy Girvan Limited incorporated in England and Wales.

The smallest and largest group for which group financial statements are drawn up and of which the company is a member is Land Energy Girvan Limited. Its registered office and the address from which group financial statements can be obtained is Hudson House, 8 Tavistock Street, London, WC2E 7PP.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Gottex Real Asset Fund 1 (CHP) S.A.R.L. incorporated in Luxembourg.