

**GEMINI ENERGY LIMITED**

**ANNUAL REPORT**

**AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 JUNE 2014**

WEDNESDAY



\*A3J15LEO\*

A12

22/10/2014

#349

COMPANIES HOUSE

# **GEMINI ENERGY LIMITED**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 30 JUNE 2014**

The Directors present their Strategic Report of the Group and Gemini Energy Limited ("the Company") for the period ended 30 June 2014. The financial statements cover a long period of accounts for the parent company from the date of incorporation on 14 February 2013 until the period end date of 30 June 2014. As such these consolidated financial statements include 17 months of the parent company and 12 months of the subsidiary, Beckton Energy Limited, in the current year. The prior year comparatives show the results for Beckton Energy Limited only for the 12 months ended 30 June 2013.

#### **PRINCIPAL ACTIVITIES**

The Company is an investment holding company. The principal activity of its wholly owned subsidiary, Beckton Energy Limited, which was acquired on 14 February 2013, is the construction and operation of assets to generate renewable electricity (capacity 17MWs) and heat near the Beckton gas pressure reduction station in East London (known as "the Beckton CHP facility").

#### **BUSINESS REVIEW**

On 1 February 2013 the Company was incorporated and became a subsidiary of 2OC (Holdings) Limited ("2OC Holdings") through the issue of one new £1 ordinary share (the subscriber share). The Company then subsequently acquired 100% of the ordinary shares in Beckton Energy Limited (formerly 2OC (UK) Limited) from 2OC Holdings on 14 February 2013, the consideration for which was the issue of 3,999,999 new £1 ordinary shares in the Company.

Focus remained on the timely design and construction of the Beckton CHP facility whilst also preparing for the eventual operation, maintenance and contract management associated with the facility. These activities remain broadly in accordance with the schedule and financial plan devised prior to the commencement of construction. Arrangements to secure supplies of bioliquid to use in the facility were agreed in the year in addition to a long term service arrangement for the main generating plant.

#### **KEY PERFORMANCE INDICATORS**

During the construction period performance is largely monitored by the Board on a monthly basis in the following ways;

- Construction progress compared to baseline / revised programme
- Capital expenditure incurred compared to budgeted spend
- Capital expenditure forecast compared to completion budget
- Meeting of contractual obligations compared to target dates set
- Sources and uses of cash compared to the financial plan
- Health and safety incident reporting

The Company's directors believe that analysis using KPIs for the Group is not necessary or appropriate for an understanding of the development, performance or position of the business of the Group whilst in the construction phase.

**GEMINI ENERGY LIMITED**

**STRATEGIC REPORT (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The key business risks and uncertainties affecting the Company relate to the Company's investment in Beckton Energy Limited. The key business risks of Beckton Energy Limited are considered to be the design and construction of the Beckton CHP facility, including the key interfaces between the various stakeholders involved in the project along with the regulatory impact of changes to renewable energy incentives and thus the Company's future revenue streams.

The Company is aware of these risks and the impact they could have from both a health and safety and a financial perspective and has systems and procedures in place to help identify, monitor and mitigate these risks on a frequent basis.

**FINANCIAL RISK MANAGEMENT**

The Group's contracting structure exposes it to limited financial risks that include liquidity risk. The Directors of the Group review these risks and set appropriate policies to help mitigate them.

**LIQUIDITY RISK**

During the design and construction period, liquidity risk is deemed minimal. During operations, the Group will maintain cash balances so as to ensure the Group has sufficient available funds for operations.

**ON BEHALF OF THE BOARD**



**P Reinheimer-Jones**  
Director  
2 October 2014

**REGISTERED OFFICE**

One Glass Wharf  
Bristol  
BS2 0ZX

Registered in England and Wales  
Number 8384635

# **GEMINI ENERGY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 30 JUNE 2014**

The Directors present their report and the audited financial statements of the Group and Gemini Energy Limited ("the Company") for the period ended 30 June 2014.

#### **PRINCIPAL ACTIVITIES**

The Company is an investment holding company. The principal activity of its wholly owned subsidiary, Beckton Energy Limited, which was acquired on 14 February 2013, is the construction and operation of assets to generate renewable electricity (capacity 17MWs) and heat near the Beckton gas pressure reduction station in East London (known as "the Beckton CHP facility").

#### **DIRECTORS**

The Directors of the Company during the period and up to the date of signing the financial statements were:

|                       |                                                       |
|-----------------------|-------------------------------------------------------|
| P R Malan             | (Appointed 14 March 2013)                             |
| E Moran               | (Appointed 14 March 2013)                             |
| G J Eade              | (Appointed 14 March 2013)                             |
| P Reinheimer-Jones    | (Appointed 14 March 2013)                             |
| V Piscaer             | (Appointed 8 November 2013)                           |
| Oval Nominees Limited | (Appointed 1 February 2013, resigned 2 February 2013) |
| N Mitchell            | (Appointed 1 February 2013, resigned 14 March 2013)   |

#### **RESULTS AND DIVIDENDS**

The loss for the group for the period after taxation was £272,000 (2013: profit of £750,000).

The Directors do not recommend the payment of a dividend.

#### **FINANCIAL POSITION**

The financial position of the Group is presented in the consolidated balance sheet on page 10 of the Directors' Report and Financial Statements. Shareholders' funds at 30 June 2014 were £17,463,000, comprising fixed assets of £57,823,000, net current assets of £3,110,000 and long term liabilities of £43,470,000.

The financial position of the Company is presented in the balance sheet on page 11 of the Directors' Report and Financial Statements. Shareholders' funds at 30 June 2014 were £6,845,000, comprising fixed assets of £6,862,000, net current assets of £8,889,000 and long term liabilities of £8,906,000.

**GEMINI ENERGY LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**FUTURE DEVELOPMENTS**

The company will remain a holding company for the investment in Beckton Energy Limited. Beckton Energy Limited remains committed to the timely construction of the Beckton CHP facility whilst also preparing for the eventual operation, maintenance and contract management associated with the plant.

**DIRECTORS' INDEMNITIES AND INSURANCE**

The Company maintains a directors' and officers' liability insurance policy which covers the directors in their capacity as directors of the Company and Beckton Energy Limited.

**POST BALANCE SHEET EVENTS**

There are no significant post balance sheet events.

# **GEMINI ENERGY LIMITED**

## **DIRECTORS' REPORT (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Group and the Company and of the profit or loss of the Group 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 and the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**GEMINI ENERGY LIMITED**

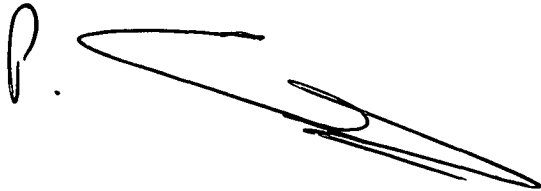
**DIRECTORS' REPORT (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

**ON BEHALF OF THE BOARD**

A handwritten signature in black ink, consisting of a stylized 'P' followed by a long, sweeping horizontal line that ends in a small loop.

**P Reinheimer-Jones**  
Director  
2 October 2014

**REGISTERED OFFICE**

One Glass Wharf  
Bristol  
BS2 0ZX

Registered in England and Wales  
Number 8384635

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF GEMINI ENERGY LIMITED**

**Report on the financial statements**

**Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2014 and of the Group's loss and cash flows for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

**What we have audited**

The group financial statements and company financial statements (the "financial statements"), which are prepared by Gemini Energy Limited, comprise:

- the consolidated and company balance sheets as at 30 June 2014;
- the consolidated profit and loss account for the period then ended;
- the consolidated cash flow statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 group's and 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 Annual Report and Financial Statements 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.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF GEMINI ENERGY LIMITED**

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, 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.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



**Simon Evans (Senior Statutory Auditor)**  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Birmingham  
2 October 2014

**GEMINI ENERGY LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 30 JUNE 2014**

|                                                                                                                                 | Notes | 2014<br>£'000       | 2013<br>£'000     |
|---------------------------------------------------------------------------------------------------------------------------------|-------|---------------------|-------------------|
| Turnover                                                                                                                        | 3     | -                   | 250               |
| Administrative expenses (including exceptional charges related to impairment of tangible fixed assets of £nil (2013: £551,000)) | 4     | (17)                | (1,692)           |
| <b>Operating loss</b>                                                                                                           |       | <u>(17)</u>         | <u>(1,442)</u>    |
| Loss on disposal of fixed assets                                                                                                | 4     | -                   | (436)             |
| Interest receivable and similar income                                                                                          | 5     | 6                   | -                 |
| <b>Loss on ordinary activities before taxation</b>                                                                              |       | <u>(11)</u>         | <u>(1,878)</u>    |
| Tax on loss on ordinary activities                                                                                              | 6     | (261)               | 2,628             |
| <b>(Loss) / profit for the financial period</b>                                                                                 | 14    | <u><u>(272)</u></u> | <u><u>750</u></u> |

The results reported above relate to continuing activities.

The Group has no recognised gains and losses other than the (loss) / profit for the financial periods stated above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the (loss) / profit on ordinary activities before and after taxation for the financial periods stated above and their historical cost equivalent.

**GEMINI ENERGY LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2014**

|                                                                | Notes | 2014<br>£'000               | 2013<br>£'000               |
|----------------------------------------------------------------|-------|-----------------------------|-----------------------------|
| <b>Fixed assets</b>                                            |       |                             |                             |
| Tangible assets                                                | 7     | 57,823                      | 29,133                      |
|                                                                |       | <u>57,823</u>               | <u>29,133</u>               |
| <b>Current assets</b>                                          |       |                             |                             |
| Debtors: amounts falling due within one year                   | 9     | 3,593                       | 3,654                       |
| Debtors: amounts falling due after more than one year          | 10    | 2,367                       | 2,628                       |
| Cash at bank and in hand                                       |       | 267                         | 132                         |
|                                                                |       | <u>6,227</u>                | <u>6,414</u>                |
| <b>Creditors: amounts falling due within one year</b>          | 11    | <b>(3,115)</b>              | <b>(3,472)</b>              |
| <b>Net current assets</b>                                      |       | <u><b>3,112</b></u>         | <u><b>2,942</b></u>         |
| <b>Total assets less current liabilities</b>                   |       | <b>60,935</b>               | <b>32,075</b>               |
| <b>Creditors: amounts falling due after more than one year</b> | 12    | <b>(43,470)</b>             | <b>(14,720)</b>             |
| <b>Net assets</b>                                              |       | <u><u><b>17,465</b></u></u> | <u><u><b>17,355</b></u></u> |
| <b>Capital and reserves</b>                                    |       |                             |                             |
| Called up share capital                                        | 13    | 6,862                       | 6,480                       |
| Profit and loss account                                        | 14    | 10,603                      | 10,875                      |
| <b>Total shareholders' funds</b>                               | 15    | <u><u><b>17,465</b></u></u> | <u><u><b>17,355</b></u></u> |

The financial statements on pages 9 to 29 were approved by the Board of Directors on 2 October 2014 and signed on its behalf by:

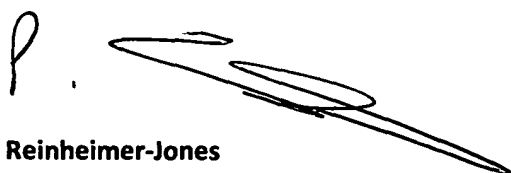


**P Reinheimer-Jones**  
**Director**

**GEMINI ENERGY LIMITED**  
**COMPANY BALANCE SHEET**  
**AS AT 30 JUNE 2014**

|                                                         | Notes | As at 30<br>June 2014<br>£'000 |
|---------------------------------------------------------|-------|--------------------------------|
| <b>Fixed assets</b>                                     |       |                                |
| Investments                                             | 8     | 6,862                          |
|                                                         |       | <u>6,862</u>                   |
| <b>Current assets</b>                                   |       |                                |
| Debtors: amounts falling due after more than one year   | 10    | 8,908                          |
|                                                         |       | <u>8,908</u>                   |
| Creditors: amounts falling due within one year          | 11    | (17)                           |
| <b>Net current assets</b>                               |       | <u>8,891</u>                   |
| <b>Total assets less current liabilities</b>            |       | <b>15,753</b>                  |
| Creditors: amounts falling due after more than one year | 12    | (8,906)                        |
| <b>Net assets</b>                                       |       | <u><u>6,847</u></u>            |
| <b>Capital and reserves</b>                             |       |                                |
| Called up share capital                                 | 13    | 6,862                          |
| Profit and loss account                                 | 14    | (15)                           |
| <b>Total shareholders' funds</b>                        | 15    | <u><u>6,847</u></u>            |

The financial statements on pages 9 to 29 were approved by the Board of Directors on 2 October 2014 and signed on its behalf by:



**P Reinheimer-Jones**  
**Director**

**GEMINI ENERGY LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE PERIOD ENDED 30 JUNE 2014**

|                                                      | Notes | 2014<br>£'000   | 2013<br>£'000   |
|------------------------------------------------------|-------|-----------------|-----------------|
| <b>Net cash flow from operating activities</b>       |       |                 |                 |
| Operating loss                                       |       | (17)            | (1,442)         |
| Adjustments for:                                     |       |                 |                 |
| Depreciation                                         |       | -               | 26              |
| Exceptional charges – impairment of tangible assets  |       | -               | 551             |
| Decrease / (increase) in debtors                     |       | 60              | (3,049)         |
| (Decrease) / increase in creditors                   |       | (273)           | 1,588           |
| <b>Net cash outflow used in operating activities</b> |       | <b>(230)</b>    | <b>(2,326)</b>  |
| <b>Returns on investments</b>                        |       |                 |                 |
| Interest received                                    |       | 6               | -               |
| <b>Taxation</b>                                      |       | -               | -               |
| <b>Investing activities</b>                          |       |                 |                 |
| Purchase of tangible fixed assets                    |       | (28,468)        | (15,183)        |
| Proceeds from sale of fixed assets                   |       | -               | 209             |
| <b>Net cash outflow from investing activities</b>    |       | <b>(28,468)</b> | <b>(14,974)</b> |
| <b>Net cash outflow before financing</b>             |       | <b>(28,692)</b> | <b>(17,300)</b> |
| <b>Financing</b>                                     |       |                 |                 |
| Term loan draw-down                                  | a & b | 21,817          | 14,810          |
| Debt issue costs paid                                |       | -               | (2,445)         |
| Gemini loan notes drawn-down                         | a & b | 6,628           | 2,278           |
| Share capital issued                                 |       | 382             | 2,480           |
|                                                      |       | <b>28,827</b>   | <b>17,123</b>   |
| <b>Increase / (decrease in cash)</b>                 | a & b | <b>135</b>      | <b>(177)</b>    |

**GEMINI ENERGY LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**a) Analysis of net debt**

|                                                           | 1 July<br>2013  | Cash flows      | Non cash<br>movements | 30 June<br>2014 |
|-----------------------------------------------------------|-----------------|-----------------|-----------------------|-----------------|
|                                                           | £'000           | £'000           | £'000                 | £'000           |
| Cash at bank and in hand                                  | 132             | 135             | -                     | 267             |
| Loan and other borrowings due after<br>more than one year | (14,720)        | (28,445)        | (305)                 | (43,470)        |
|                                                           | <u>(14,588)</u> | <u>(28,310)</u> | <u>(305)</u>          | <u>(43,203)</u> |

**b) Movement in net debt**

|                                   | 2014<br>£'000   | 2013<br>£'000   |
|-----------------------------------|-----------------|-----------------|
| At 1 July                         | (14,588)        | 309             |
| Net increase / (decrease) in cash | 135             | (177)           |
| Increase in borrowings            | (28,445)        | (17,089)        |
| Issue costs of new debt           | -               | 2,445           |
| Amortisation of debt issue costs  | (305)           | (76)            |
| At 30 June                        | <u>(43,203)</u> | <u>(14,588)</u> |

**GEMINI ENERGY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2014**

**1 Accounting policies**

**(a) Basis of preparation**

These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards and the Companies Act 2006. These financial statements have been prepared using the historical cost convention and in accordance with the consistently applied accounting policies set out below. There have been no changes to accounting policies during the year. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company acquired 100% of the ordinary shares in 2OC (UK) Limited (now Beckton Energy Limited) from 2OC Holdings on 14 February 2013, the consideration for which was the issue of 3,999,999 new ordinary shares of £1 each in the Company. This was a group reconstruction and so these financial statements are prepared using merger accounting principles. As such these accounts include 17 months of the parent company and 12 months of the subsidiary, Beckton Energy Limited, in the current year. The prior year comparatives show the results for Beckton Energy Limited only for the 12 months ended 30 June 2013.

The directors have prepared a financial forecast that indicates the Company has adequate resources to remain in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary Beckton Energy Limited. A subsidiary is defined as an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company has not presented its own profit and loss account and financial statements as permitted by Section 408 of the Companies Act 2006. The company has made a loss during the period of £15,000. The Company has taken the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) 'Cash Flow Statements'.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**(b) Turnover**

Turnover represents the income receivable for services provided in the ordinary course of business, excluding VAT. Turnover is recognised once the service has been provided.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**1 Accounting policies (continued)**

**(c) Tangible fixed assets and depreciation**

Tangible fixed assets are included in the balance sheet at their purchase cost (together with any incidental costs of acquisition) less accumulated depreciation and impairment.

Cost includes finance costs which are directly attributable to the construction of the tangible fixed assets.

Depreciation is provided on all tangible fixed assets, excluding land and buildings and assets in the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful economic life as follows;

|                  |     |
|------------------|-----|
| Land & buildings | Nil |
|------------------|-----|

Asset lives for the assets in the course of construction will be determined on commissioning.

Impairment reviews are carried out if there is some indication that impairment may have occurred, or where otherwise required to ensure that fixed assets are not carried above their estimated recoverable amounts. Impairments are recognised in the profit and loss account, and, where material, are disclosed as exceptional. Impairment reversals are recognised when, in management's opinion, the reversal is permanent. Impairments of fixed assets are calculated as the difference between the carrying value of the net assets of income generating units, including where appropriate, investments, and their recoverable amounts. Recoverable amount is defined as the higher of net realisable value or estimated value in use at the date the impairment review is undertaken. Net realisable value represents the amount that can be generated through the sale of assets. Value in use represents the present value expected from future cash flows discounted on a pre-tax basis, using the estimated cost of capital of the income generating unit.

**(d) Taxation**

Current tax for the current and prior periods is provided at the amount expected to be recovered using the average tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**1 Accounting policies (continued)**

**(e) Financial instruments**

Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and is recorded at the proceeds received.

Borrowings, which include interest-bearing loans and overdrafts, are recorded at their initial fair value which normally reflects the net proceeds received less any repayments. Costs that are incurred directly in connection with the issue of a capital instrument are netted against the liability and amortised over the life of the underlying instrument.

**(f) Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate.

**(g) Leases**

Operating lease payments are charged to the profit and loss account on a straight-line basis over the term of the lease.

**2 Directors' emoluments and employees**

Directors' emoluments in respect of those paid for services wholly attributable to the Company were £nil.

There were no employees of the Company during the period.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**3 Turnover**

|                             | <b>2014</b>  | <b>2013</b>  |
|-----------------------------|--------------|--------------|
|                             | <b>£'000</b> | <b>£'000</b> |
| Income related to contracts | <u>-</u>     | <u>250</u>   |

**4 Operating loss**

|                                                     | <b>2014</b>  | <b>2013</b>  |
|-----------------------------------------------------|--------------|--------------|
|                                                     | <b>£'000</b> | <b>£'000</b> |
| <b>Operating loss is stated after charging:</b>     |              |              |
| Seconded staff costs                                | -            | 955          |
| Depreciation of tangible fixed assets (note 7)      | -            | 26           |
| Impairment of tangible fixed assets (note 7)        | -            | 551          |
| <b>Services provided by the company's auditors:</b> |              |              |
| Fees payable for the audit                          | <b>26</b>    | 20           |
| Fees payable for other services – taxation          | <b>53</b>    | 34           |
| Fees payable for other services – corporate finance | -            | 116          |

Seconded staff costs represent the costs of all officers seconded from 2OC Limited and include salaries, social security and taxation.

**5 Interest receivable and similar income**

|               | <b>2014</b>  | <b>2013</b>  |
|---------------|--------------|--------------|
|               | <b>£'000</b> | <b>£'000</b> |
| Bank interest | <u>6</u>     | <u>-</u>     |

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**6 Tax on loss on ordinary activities**

**(a) Analysis of charge in the year for the group**

|                                                          | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|----------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Current tax:</b>                                      |                             |                             |
| UK corporation tax                                       | -                           | -                           |
| Total current tax                                        | -                           | -                           |
| <b>Deferred tax:</b>                                     |                             |                             |
| Origination and reversal of timing differences           | (2)                         | (2,628)                     |
| Adjustment in respect of prior years                     | (91)                        | -                           |
| Effects of changes in tax rates                          | 354                         | -                           |
| Total deferred tax                                       | 261                         | (2,628)                     |
| <b>Total tax debit / (credit) on ordinary activities</b> | <b>261</b>                  | <b>(2,628)</b>              |

**(b) Factors affecting the current tax charge**

The tax assessed on the profit / (loss) on ordinary activities for the period differs from the standard rate of corporation tax in the UK. The differences are reconciled below:

|                                                                                                               | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|---------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>(Loss) on ordinary activities before tax</b>                                                               | <b>(11)</b>                 | <b>(1,878)</b>              |
| (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013: 23.0%) | (3)                         | (432)                       |
| Effect of :                                                                                                   |                             |                             |
| Expenses not deductible for tax purposes                                                                      | 2                           | -                           |
| Capital allowances for period in excess of depreciation                                                       | (598)                       | -                           |
| Utilisation of deferred tax assets                                                                            | (1)                         | -                           |
| Tax losses carried forward                                                                                    | 600                         | 432                         |
| <b>Total current tax</b>                                                                                      | <b>-</b>                    | <b>-</b>                    |

**Factors that may affect future tax charges**

The Finance Act 2012 included legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013. Further reductions were included in the Finance Act 2013, which was substantively enacted on 2 July 2013, to reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015. The deferred tax asset at 30 June 2014 has been re-measured accordingly.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**7 Tangible assets**

|                                  | Land & buildings | Assets in the<br>course of<br>construction | Total         |
|----------------------------------|------------------|--------------------------------------------|---------------|
|                                  | £'000            | £'000                                      | £'000         |
| <b>Cost:</b>                     |                  |                                            |               |
| At 1 July 2013                   | 894              | 28,339                                     | 29,233        |
| Additions                        | -                | 28,690                                     | 28,690        |
| <b>At 30 June 2014</b>           | <b>894</b>       | <b>57,029</b>                              | <b>57,923</b> |
| <b>Accumulated depreciation:</b> |                  |                                            |               |
| At 1 July 2013                   | -                | 100                                        | 100           |
| Charge for the year              | -                | -                                          | -             |
| <b>At 30 June 2014</b>           | <b>-</b>         | <b>100</b>                                 | <b>100</b>    |
| <b>Net book value:</b>           |                  |                                            |               |
| <b>At 30 June 2014</b>           | <b>894</b>       | <b>56,929</b>                              | <b>57,823</b> |
| At 30 June 2013                  | 894              | 28,239                                     | 29,133        |

Assets in the course of construction include interest and commitment fees on the Term Loan Facility and VAT Facility of £2,481,000 (2013: £371,000) and amortised debt issue costs of £381,000 (2013: £76,000).

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**8 Investments**

|                                                     | Shares in<br>Subsidiary |
|-----------------------------------------------------|-------------------------|
|                                                     | £'000                   |
| At 1 February 2013                                  | -                       |
| Acquisition of the shares in Beckton Energy Limited | 4,000                   |
| Additional investment in shares                     | 2,862                   |
| <b>At 30 June 2014</b>                              | <b><u>6,862</u></b>     |

The Company acquired 100% of the ordinary shares in Beckton Energy Limited (formerly 2OC (UK) Limited) from 2OC Holdings on 14 February 2013, the consideration for which was the issue of 3,999,999 new ordinary shares of £1 each in the Company. Subsequent to this the Company has subscribed for 2,862,000 additional ordinary shares of £1 each for a cash consideration of £2,862,000.

The Company has a 100% interest in the ordinary share capital of Beckton Energy Limited, a company registered in England and Wales. The principal activity of Beckton Energy Limited is the development and operation of assets to generate renewable power at the Beckton gas pressure reduction station.

**9 Debtors: amounts falling due within one year**

|                             | 2014<br>£'000       | 2013<br>£'000       |
|-----------------------------|---------------------|---------------------|
| Value added tax recoverable | 253                 | 304                 |
| Other debtors               | 3,000               | 3,000               |
| Prepayments                 | 340                 | 350                 |
|                             | <b><u>3,593</u></b> | <b><u>3,654</u></b> |

Other debtors represents a £3,000,000 deposit with Deutsche Bank AG, the issuing bank of a £3,000,000 letter of credit to National Grid Gas PLC under the terms of the Asset Use Agreement and specifically relating to the period of construction.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**10 Debtors: amounts falling due after more than one year**

**(a) For the consolidated group**

The group has a net deferred tax asset totalling £2,367,000 (2013: £2,628,000), calculated at 20% (2013: 23%), made up as follows:

|                                                | <b>2014</b>         | <b>2013</b>         |
|------------------------------------------------|---------------------|---------------------|
|                                                | <b>£'000</b>        | <b>£'000</b>        |
| Accelerated capital allowances                 | <b>(710)</b>        | -                   |
| Tax losses carried forward                     | <b>3,077</b>        | <b>2,628</b>        |
| <b>Total deferred tax asset</b>                | <b><u>2,367</u></b> | <b><u>2,628</u></b> |
|                                                |                     |                     |
|                                                | <b>2014</b>         | <b>2013</b>         |
|                                                | <b>£'000</b>        | <b>£'000</b>        |
| Deferred tax asset at start of period          | <b>2,628</b>        | -                   |
| Origination and reversal of timing differences | <b>2</b>            | -                   |
| Adjustment in respect of prior years           | <b>91</b>           | <b>2,628</b>        |
| Effect of changes in tax rates                 | <b>(354)</b>        | -                   |
| <b>Deferred tax asset at end of period</b>     | <b><u>2,367</u></b> | <b><u>2,628</u></b> |

**(b) For the parent company**

The company has a net deferred tax asset totalling £2,000 (2013: Nil) calculated at 20% (2013: 23%), made up as follows:

|                                                | <b>2014</b>     | <b>2013</b>     |
|------------------------------------------------|-----------------|-----------------|
|                                                | <b>£'000</b>    | <b>£'000</b>    |
| Accelerated capital allowances                 | -               | -               |
| Tax losses carried forward                     | <b>2</b>        | -               |
| <b>Total deferred tax asset</b>                | <b><u>2</u></b> | <b><u>-</u></b> |
|                                                |                 |                 |
|                                                | <b>2014</b>     | <b>2013</b>     |
|                                                | <b>£'000</b>    | <b>£'000</b>    |
| Deferred tax asset at start of period          | -               | -               |
| Origination and reversal of timing differences | <b>2</b>        | -               |
| Effect of changes in tax rates                 | -               | -               |
| <b>Deferred tax asset at end of period</b>     | <b><u>2</u></b> | <b><u>-</u></b> |

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**10 Debtors: amounts falling due after more than one year (continued)**

**(b) For the parent company (continued)**

|                                    | 2014<br>£'000                  |
|------------------------------------|--------------------------------|
| Shareholder loan notes (see below) | 8,906                          |
| Deferred tax (see above)           | 2                              |
|                                    | <u>8,908</u>                   |
|                                    |                                |
|                                    | As at 30<br>June 2014<br>£'000 |
| At 1 February 2013                 | -                              |
| Shareholder loan notes issued      | 8,906                          |
| At 30 June 2014                    | <u>8,906</u>                   |

The shareholder loan relates to loan notes issued by Beckton Energy Limited. The loan notes are repayable in 2027 and bear no interest during the construction period, followed by a fixed commercial interest rate.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**11 Creditors: amounts falling due within one year**

**(a) For the consolidated group**

|                                   | <b>2014</b>         | <b>2013</b>         |
|-----------------------------------|---------------------|---------------------|
|                                   | <b>£'000</b>        | <b>£'000</b>        |
| Trade creditors                   | <b>1,334</b>        | 1,663               |
| Amounts owed to group undertaking | <b>12</b>           | -                   |
| VAT loan facility                 | <b>68</b>           | 38                  |
| Accruals                          | <b>1,701</b>        | 1,771               |
|                                   | <b><u>3,115</u></b> | <b><u>3,472</u></b> |

The amounts owed to group undertakings are payable to Beckton Energy Limited and 2OC Limited. The amounts owed to Beckton Energy Limited are payable based on standard invoice payment terms. The amounts owed to 2OC Limited are repayable on demand, interest free and unsecured.

On 14 March 2013 Beckton Energy Limited entered into a VAT funding Facility with Deutsche Bank Luxembourg S.A of £2,000,000 for the period to September 2015.

The VAT facility bears interest costs on drawn amounts of a fixed margin above LIBOR and Commitment fees of a fixed percentage payable on all undrawn amounts of the Facility. Interest and commitment fees payable on the facility during the year of £25,000 (2013: £11,000) have been capitalised within tangible fixed assets.

**(b) For the parent company**

|                                     | <b>As at 30 June</b> |
|-------------------------------------|----------------------|
|                                     | <b>2014</b>          |
|                                     | <b>£'000</b>         |
| Amounts owed to related undertaking | 3                    |
| Accruals                            | 14                   |
|                                     | <b><u>17</u></b>     |

The amounts owed to related undertakings are payable to 2OC Limited. The amounts are repayable on demand, interest free and unsecured.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

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

**(a) For the consolidated group**

|                    | <b>2014</b>          | <b>2013</b>          |
|--------------------|----------------------|----------------------|
|                    | <b>£'000</b>         | <b>£'000</b>         |
| Term loan facility | <b>34,564</b>        | 12,442               |
| Shareholder loan   | <b>8,906</b>         | 2,278                |
|                    | <b><u>43,470</u></b> | <b><u>14,720</u></b> |

On 14 March 2013 Beckton Energy Limited entered into a Term Loan Facility with Deutsche Bank Luxembourg S.A used to provide funding for the anticipated capital costs during construction. The Term Loan Facility is stated net of debt issue costs of £2,064,000 (2013: £2,369,000). Interest and commitment fees payable on the facility during the year of £2,085,000 (2013 restated: £360,000 (was £371,000) to correct an error in classification) have been capitalised within tangible fixed assets.

The Term Loan Facility, repayable by March 2021, bears interest costs on drawn amounts of a fixed margin above LIBOR and commitment fees of a fixed percentage payable on all undrawn amounts of the Facility. The lending bank has been granted security including a first ranking security over all the company's assets, contracts and insurances, all property interests and shares.

On 28 March 2013 Beckton Energy Limited entered into a fixed swap arrangement with Deutsche Bank AG in respect of 100% of the value of the Term Loan Facility. At the balance sheet date this swap instrument had a mark to market valuation showing a gain of £960,000. This gain has been disclosed, but not recognised in the financial statements.

The shareholder loan represents loan notes issued to iCON Master Holdings II (GBP) Sarl ("iCON"), EEA Holdings Limited ("EEA") and 2OC Holdings by the Company. The loan notes are repayable in 2027 and bear no interest during the construction period, followed by a fixed commercial interest rate.

**(b) For the parent company**

|                                              |                     |
|----------------------------------------------|---------------------|
|                                              | As at 30 June       |
|                                              | 2014                |
|                                              | £'000               |
| At 1 February 2013                           | -                   |
| Shareholder loan notes issued (see note 12a) | <u>8,906</u>        |
| At 30 June 2014                              | <b><u>8,906</u></b> |

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**13 Called up share capital**

**(a) For the consolidated group**

|                                                        | 2014<br>£'000 | 2013<br>£'000 |
|--------------------------------------------------------|---------------|---------------|
| <b>Allotted, called up and fully paid</b>              |               |               |
| 6,862,000 (2013: 6,479,858) ordinary shares of £1 each | 6,862         | 6,480         |
|                                                        | <u>6,862</u>  | <u>6,480</u>  |

On 10 July 2013 the Company issued 382,120 ordinary shares of £1 each for a cash consideration of £382,120.

All shares issued were 77.5% to iCON, 12.5% to EEA and 10% to 2OC Holdings in accordance with the Subscription and Shareholder Agreement.

**(b) For the parent company**

|                                                     | As at 30 June<br>2014<br>£'000 |
|-----------------------------------------------------|--------------------------------|
| <b>Allotted, called up and fully paid</b>           |                                |
| At 1 February 2013                                  | -                              |
| Acquisition of the shares in Beckton Energy Limited | 4,000                          |
| Additional investment in shares                     | 2,862                          |
| <b>At 30 June 2014</b>                              | <u><u>6,862</u></u>            |

The Company acquired 100% of the ordinary shares in Beckton Energy Limited (formerly 2OC (UK) Limited) from 2OC Holdings on 14 February 2013, the consideration for which was the issue of 3,999,999 new ordinary shares of £1 each in the Company. Subsequent to this the Company has subscribed for 2,862,000 additional ordinary shares of £1 each for a cash consideration of £2,862,000.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**14 Reserves**

**(a) For the consolidated group**

|                                           | <b>Profit and loss<br/>account</b> |
|-------------------------------------------|------------------------------------|
|                                           | <b>£'000</b>                       |
| At 1 July 2012                            | 10,125                             |
| Loss for the financial year pre-merger    | <u>(1,878)</u>                     |
| At 1 February 2013                        | 8,247                              |
| Profit for the financial year post-merger | <u>2,628</u>                       |
| At 1 July 2013                            | 10,875                             |
| Loss for the financial year               | <u>(272)</u>                       |
| <b>At 30 June 2014</b>                    | <b><u>10,603</u></b>               |

The Company acquired 100% of the ordinary shares in Beckton Energy Limited (formerly 2OC (UK) Limited) from 2OC Holdings on 14 February 2013, the consideration for which was the issue of 3,999,999 new ordinary shares of £1 each in the Company. The profit and loss account reflects the position of Beckton Energy Limited until the date of the merger on 14 February 2013, and of the consolidated group thereafter. The profit for the period post-merger relates to the prior year tax credit of £2,628,000 in the prior year and the £272,000 loss for the financial period ended 30 June 2014.

**(b) For the parent company**

|                             | <b>Profit and<br/>loss account</b> |
|-----------------------------|------------------------------------|
|                             | <b>£'000</b>                       |
| Loss for the financial year | <u>(15)</u>                        |
| <b>At 30 June 2014</b>      | <b><u>(15)</u></b>                 |

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**15 Reconciliation of movements in shareholders' funds**

**(a) For the consolidated group**

|                                          | <b>2014</b>   | <b>2013</b>  |
|------------------------------------------|---------------|--------------|
|                                          | <b>£'000</b>  | <b>£'000</b> |
| (Loss) / profit for the financial period | <b>(272)</b>  | 750          |
| Share capital issued during the year     | <b>382</b>    | 2,480        |
| Net increase in shareholders' funds      | <b>110</b>    | 3,230        |
| Opening shareholders' funds              | <b>17,355</b> | 14,125       |
| Closing shareholders' funds              | <b>17,465</b> | 17,355       |

**(b) For the parent company**

|                                      | As at 30<br>June 2014<br>£'000 |
|--------------------------------------|--------------------------------|
| Loss for the financial period        | (15)                           |
| Share capital issued during the year | 6,862                          |
| Net increase in shareholders' funds  | 6,847                          |
| Opening shareholders' funds          | -                              |
| Closing shareholders' funds          | 6,847                          |

**16 Capital and other commitments**

**(a) For the consolidated group**

|                                                                                      | <b>2014</b>   | <b>2013</b>  |
|--------------------------------------------------------------------------------------|---------------|--------------|
|                                                                                      | <b>£'000</b>  | <b>£'000</b> |
| Contracts placed for future expenditure not provided for in the financial statements | <b>12,178</b> | 37,596       |

**(b) For the parent company**

There were no capital and other commitments.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**17 Financial commitments**

**(a) For the consolidated group**

At 30 June 2014 Beckton Energy Limited had annual commitments under non-cancellable operating leases expiring as follows:

|                           | <b>2014</b>      | <b>2013</b>      |
|---------------------------|------------------|------------------|
|                           | <b>£'000</b>     | <b>£'000</b>     |
| <b>Land and buildings</b> |                  |                  |
| Within one year           | <u><b>28</b></u> | <u><b>28</b></u> |
|                           | <u><b>28</b></u> | <u><b>28</b></u> |

See notes 11 and 12 in relation to other financial commitments.

**(b) For the parent company**

There were no annual commitments under non-cancellable operating leases.

**GEMINI ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 30 JUNE 2014**

**18 Related party transactions**

**(a) For the consolidated group**

Related party purchases are made up of costs incurred by 2OC Limited that are charged to Beckton Energy Limited in respect of professional services and seconded staff. 2OC Limited owns 100% of the share capital of 2OC Holdings which owns 10% of the share capital of the Company.

|                          | Charged in<br>the year to<br>30 June 2014<br>£'000 | Balance at<br>30 June 2014<br>£'000 |
|--------------------------|----------------------------------------------------|-------------------------------------|
| Charged from 2OC Limited | 1,324                                              | 7                                   |

|                          | Charged in<br>the year to<br>30 June 2013<br>£'000 | Balance at<br>30 June 2013<br>£'000 |
|--------------------------|----------------------------------------------------|-------------------------------------|
| Charged from 2OC Limited | 2,571                                              | -                                   |

Amounts charged from 2OC Limited includes Management Service Agreement costs and ad hoc assets and services of £1,324,000 (2013: £1,539,000).

**(b) For the parent company**

Related party transactions with iCON, EEA and 2OC Holdings via Share Capital and Loan Notes are disclosed in notes 12 and 13 to the financial statements.

**19 Post balance sheet events**

There are no significant post balance sheet events.

**20 Ultimate parent undertaking and controlling party**

The ultimate controlling party of Gemini Energy Limited is iCON Infrastructure Management II Limited, acting in its capacity as the general partner of iCON Infrastructure Partners II L.P. iCON Infrastructure Management II Limited is a company registered in Guernsey whose registered office is Ogier House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA.