

# Endon Europe Power 3 Limited

Report And Financial Statements

31 May 2019

TUESDAY



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**Endon Europe Power 3 Limited**

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**COMPANY INFORMATION**

<b>Directors</b>	M J Timewell S J Hamilton
<b>Company secretary</b>	D M Lo'Bue
<b>Registered number</b>	03618549
<b>Registered office</b>	Velocity V1 Brooklands Drive Weybridge Surrey KT13 0SL
<b>Independent auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW

## Endon Europe Power 3 Limited

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### DIRECTORS' REPORT For the Year Ended 31 May 2019

The directors present their report and the financial statements for the year ended 31 May 2019.

#### Results and dividends

The profit for the year, after taxation, amounted to £11,087,000 (2018 - loss £69,094,000).

The directors have not recommended a dividend (2018 - £nil).

#### Directors

The directors who served during the year were:

A I Chohan (resigned 10 October 2019)  
M J Timewell

S J Hamilton was appointed as a director on 10 October 2019.

#### Directors' responsibilities statement

The directors are responsible for preparing the strategic 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 '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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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;
- 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 to 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.

#### 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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

**DIRECTORS' REPORT (CONTINUED)**  
**For the Year Ended 31 May 2019**

**Auditors**

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 November 2019 and signed on its behalf.

*Michael Timewell*

M J Timewell  
Director

**STRATEGIC REPORT**  
**For the Year Ended 31 May 2019**

**Business review**

The principal activity of the company during the year was that of an investment company. The assets and liabilities relate to intercompany shareholdings and intercompany loans. As detailed in the notes to the financial statements, the directors have concluded that there are uncertainties which cast doubt on the group's ability to continue as a going concern. The directors are considering the future of the company.

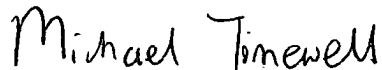
**Principal risks and uncertainties**

As the company has no trade, but acts as a holding company, the directors do not consider that the company is subject to any significant operational risks and uncertainties.

**Financial key performance indicators**

Due to the company's principal activities and the nature of its operations, the directors do not separately monitor key performance indicators for the company, as there are no such appropriate key performance indicators.

This report was approved by the board on 25 November 2019 and signed on its behalf.



M J Timewell  
Director

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENDON EUROPE POWER 3 LIMITED**

### **Opinion**

We have audited the financial statements of Endon Europe Power 3 Limited (the 'Company') for the year ended 31 May 2019, which comprise the statement of income and retained earnings, the balance sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, which notes that the directors are assessing the future options for the company and the other entities in its group. The directors have concluded that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENDON EUROPE POWER 3 LIMITED (CONTINUED)**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of our report**

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.

Catherine Kimberlin (Senior statutory auditor)

for and on behalf of  
**Rees Pollock**  
Chartered Accountants  
Statutory Auditor  
35 New Bridge Street  
London  
EC4V 6BW

3 December 2019

**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**For the Year Ended 31 May 2019**

	Note	2019 £000	2018 £000
Administrative expenses		(4)	(4)
<b>Operating loss</b>	2	<u>(4)</u>	<u>(4)</u>
Income from shares in group undertakings		15,785	15,785
Reversal of impairment/(impairment) of investment		687	(79,252)
Interest payable and similar charges	4	<u>(5,851)</u>	<u>(5,851)</u>
<b>Profit/(loss) before tax</b>		<u>10,617</u>	<u>(69,322)</u>
Tax on profit/(loss)	5	470	228
<b>Profit/(loss) after tax</b>		<u>11,087</u>	<u>(69,094)</u>
Retained earnings at the beginning of the year		(151,782)	(82,688)
Profit/(loss) for the year		<u>11,087</u>	<u>(69,094)</u>
<b>Retained earnings at the end of the year</b>		<u>(140,695)</u>	<u>(151,782)</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 14 form part of these financial statements.



**BALANCE SHEET**  
As at 31 May 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	6	136,662	135,975
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	256,541	240,514
Cash and cash equivalents		138	(85)
		<u>256,679</u>	<u>240,429</u>
Creditors: amounts falling due within one year	8	<u>(472,496)</u>	<u>(466,646)</u>
<b>Net current liabilities</b>		<b>(215,817)</b>	<b>(226,217)</b>
<b>Total assets less current liabilities</b>		<b>(79,155)</b>	<b>(90,242)</b>
Creditors: amounts falling due after more than one year	9	(60,000)	(60,000)
<b>Net liabilities</b>		<b>(139,155)</b>	<b>(150,242)</b>
<b>Capital and reserves</b>			
Called up share capital	10	1,540	1,540
Profit and loss account		(140,695)	(151,782)
		<u>(139,155)</u>	<u>(150,242)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 November 2019.

*Michael Timewell*

M J Timewell  
Director

The notes on pages 8 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 May 2019**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Endon Europe Power 3 Limited is a private limited company incorporated in the UK.

The company's registered address is Velocity V1 Brooklands Drive, Weybridge, Surrey, England, KT13 0SL.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgement in applying the company's accounting policies. Due to the straightforward nature of the business management consider that no critical judgements have been made in applying the company's accounting policies.

The following principal accounting policies have been applied:

**1.2 Going concern**

The financial statements have been prepared on a going concern basis. The directors have reviewed the company's position with regard to its operating and financial commitments for the foreseeable future. Notwithstanding the fact that the company has net liabilities of £139,155,000; the directors have determined that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, however they are assessing future options for the company and the other entities in its group. The directors have therefore concluded that the use of the going concern basis is appropriate, but there are material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

**1.3 Cash flow statement**

Under FRS 102 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

**1.4 Investments**

Investments in subsidiaries held as fixed assets are shown at cost less provision for impairment.

Investments in non-convertible preference shares are held at fair value to the extent this can be reliably measured; otherwise they are held at cost less impairment.

Cumulative dividends receivable on preference shares are shown as other debtors and are recognised at transaction value; thereafter they are reviewed for impairment where there is objective evidence based on available data that the balance is impaired.

**1.5 Financial instruments**

The company only enters into basic financial instruments.

Loans to other group companies are initially recognised at the present value of the future cash flows

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 May 2019**

**1. Accounting policies (continued)**

**1.5 Financial instruments (continued)**

and subsequently at amortised cost using the effective interest rate method. Balances repayable within one year are measured, initially and subsequently, at the undiscounted amount of the consideration expected to be received, net of any impairment.

Other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired.

The company does not hold collateral against its receivable balances so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The company's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Loans and other amounts owed to group undertakings raised for support of long term funding of the company's operations are recognised at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are charged to the profit and loss account on an accruals basis using the effective interest rate method and are included in creditors to the extent that they are not settled in the period in which they arose.

Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

Non-convertible preference shares are classified as debt instruments and are held in creditors at issue price.

**1.6 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**1.7 Taxation**

Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 May 2019

**1. Accounting policies (continued)**

**1.8 Finance costs**

Finance costs of non-equity shares are recognised in the profit and loss account over the term of such instruments at a constant rate of return on the carrying amount. Where the finance costs are not equal to the dividends payable, the difference is accounted for in the profit and loss account as a finance charge or credit.

**1.9 Related party transactions**

As the company is a wholly owned subsidiary of Cargill Inc, the company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Cargill Inc, within which this company is included, are available to the public.

**2. Operating loss**

The operating loss is stated after charging:

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	4	4

**3. Staff costs**

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

**4. Interest payable**

	2019 £000	2018 £000
Finance costs on non-equity preference shares	5,851	5,851

**5. Taxation**

	2019 £000	2018 £000
<b>Current tax</b>		
UK corporation tax on profit/(loss) for the year	(470)	(228)
<b>Taxation on profit/(loss) on ordinary activities</b>	<b>(470)</b>	<b>(228)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 May 2019

**5. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit/(loss) on ordinary activities before tax	10,617	(69,322)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,017	(13,171)
<b>Effects of:</b>		
Non-taxable movements on impairment of investment	(130)	15,058
Non deductible finance charge on Endon Europe Power 6 preference shares	1,112	1,111
Non-taxable income on Endon Europe Power 1 preference shares	(2,999)	(2,999)
Transfer pricing adjustments	(470)	(227)
<b>Total tax credit for the year</b>	<b>(470)</b>	<b>(228)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 May 2019

**6. Fixed asset investments**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 June 2018 and 31 May 2019	217,369
<b>Impairment</b>	
At 1 June 2018	81,394
Reversal of impairment losses	(687)
At 31 May 2019	80,707
<b>Net book value</b>	
At 31 May 2019	136,662
At 31 May 2018	135,975

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Endon Europe Power 1 Limited	Investment company	Ordinary	100%
		Preference	100%
Teesside Power Holdings Limited *	Investment company	Ordinary	100%
EEP Seven Limited *	Investment company	Ordinary	100%

\* Held by subsidiary undertaking.

The registered office address of all subsidiaries is Velocity V1 Brooklands Drive, Weybridge, Surrey, England, KT13 0SL.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 May 2019

**7. Debtors**

	2019 £000	2018 £000
Cumulative accrued Endon Europe Power 1 Limited preference share dividend	256,071	240,286
Other debtors	470	228
	<u>256,541</u>	<u>240,514</u>

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

	2019 £000	2018 £000
Amounts owed to other participating interests	355,005	355,005
Accruals and deferred income	117,491	111,641
	<u>472,496</u>	<u>466,646</u>

The amounts owed to Cargill Financial Markets Limited, a parent undertaking, of £355,005,000 (2018 - £355,005,000) are due under a revolving credit facility of up to £500,000,000 which is repayable on demand. No interest is payable on amounts advanced. Cargill Financial Markets Limited has agreed not to recall the amounts due to it from the company before such time as the company has sufficient funds to repay such amount without prejudicing the claims of other creditors.

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

	2019 £000	2018 £000
Share capital treated as debt	<u>60,000</u>	<u>60,000</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 10.

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 May 2019**

**10. Share capital**

	2019 £000	2018 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,540,001 Ordinary shares of £1 each	1,540	1,540
	<u>1,540</u>	<u>1,540</u>
	2019 £000	2018 £000
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
60,000,000 Preference shares of £1 each	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

The holder of the preference shares is entitled to a preferential cumulative fixed rate dividend of 9.75% per annum. Dividends are payable annually on 30 April. The preference shareholder is not entitled to any further participation in the profits of the company.

**11. Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is Endon Europe Power 4 Limited, a company incorporated in the United Kingdom and registered in England & Wales.

The company's ultimate parent undertaking is Cargill, Inc., a company incorporated in the USA and is regarded by the directors as being the company's ultimate controlling party. Cargill, Inc., heads the smallest and largest group of companies for which consolidated accounts including the company's position and results are available. Copies of the consolidated accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.