Dundee Energy Recycling Limited

Annual Report and consolidated financial statements
for the 52 week period ended 27 December 2015

Registered number: SC148254

DERL

CONTENTS

Strategic report

For the 52 week period ended 27 December 2015

The Directors present their Strategic Report for the 52 week period ended 27 December 2015.

This report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Dundee Energy Recycling Limited and its subsidiary undertakings when viewed as a whole.

Principal activity and business review

The Group is engaged in the management and processing of waste and the generation of electricity from refuse derived fuel, and operates a waste to energy plant (the "Plant"), which it leases from Dundee City Council for this purpose.

The strategy of the Group is centred around the safe and efficient processing of municipal waste under long-term contracts with Dundee City Council and Angus Council.

Additionally the Group's strategy is to supplement these income streams by processing third party commercial waste to utilise the spare capacity of the Plant.

To satisfactorily achieve the above, and the resultant generation of electricity into the National Grid, the Group puts prime emphasis on the health and safety of its employees, contractors and the local community, as well as striving to achieve 100% compliance with the various permits and licences under which the Plant operates.

This requires the Group to ensure a high level of safety awareness and skill within its employee base, a duty which is central to the Group's operations at all levels.

A further strategy of the Group continues to be frequent engagement with the elected members of Dundee City Council, as shareholders, through regular meetings with their Waste-to-Energy Committee at which performance updates are given.

In addition, the Group continues to maintain close dialogue and provide updates on performance to its neighbours through regular meetings of the long-established Good Neighbours Group which comprises members of the local community, a representative of the principal regulator of the plant, the Scottish Environmental Protection Agency, and also Friends of the Earth.

In conclusion, assessing performance against the various strands of the above strategy, the Directors are satisfied that the Plant has performed well in terms of health and safety, regulatory compliance, operational performance and financial management throughout the period of 2015.

Key performance indicators

In addition to health and safety and regulatory compliance, the Board of Directors considers On-Waste Availability ("OWA") to be the key business performance parameter and monitors OWA, turnover, gross margin and net operating profit operationally on an ongoing basis.

Principal risks and uncertainties

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The cash flow of the Group is primarily driven by OWA as this dictates the capacity of the Plant to generate revenues from the waste streams and resultant electricity generation revenues.

The Group has a lesser cash flow risk associated with electricity sales which are subject to prices obtained in 6-monthly free market auctions where the prices are determined by market conditions. Additionally the Group has been exposed to downturns in the world-wide scrap metal market and whilst this has now stabilised, there is now a cost associated with processing the metals extracted from the waste rather than the Group receiving revenues from these recoveries.

The Group has limited exposure to foreign currency risk as all sales and most purchases take place within the UK. A limited amount of consumables and spares are sourced from Eurozone countries.

The Group's interest bearing assets comprise cash and bank deposits, which earn interest at a market rate linked to The Bank of England base rate.

Credit risk
The Group's principal financial assets are bank cash balances and trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables but is limited because Dundee City Council is its principal customer and 100% shareholder, and the other principal customer is Angus Council. Electricity sales tend to be with good credit-risk companies.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group has a funding arrangement with Dundee City Council, the Group's principal customer and 100% shareholder. Further details can be found in the Statement of Accounting Policies in the financial statements.

Future developments
Dundee City Council, the Group's principal customer and 100% shareholder is currently engaged in a procurement exercise along with Angus Council to secure a new long-term residual waste contract. The Group is not involved, at the shareholders' request, in bidding for the new long-term waste contract. If this project comes to fruition, it is likely to result in the existing Group contracts with Dundee City Council and Angus Council being terminated with mutual agreement before the contractual date of 2020, and possibly as early as mid-2017. Consequently the Group would cease all operations and the leased Plant would revert to Dundee City Council. However the Group expects to continue with the successful operation of the Plant with financial stability until such time as any new contracts are put in place, and to achieve a solvent run-down of the Group thereafter.

Approved by the Board of Directors
and signed on behalf of the Board,

Kenneth J Kerr
Interim Managing Director
14 November 2016

Directors' report

For the 52 week period ended 27 December 2015

The Directors present their report on the affairs of the Group, comprising the Company ("DERL") and its two subsidiaries, together with the financial statements and independent auditor's report for the 52 week period ended 27 December 2015.

Results

The Group recorded a profit for the year of £902,000 (2014: £1,119,000).

Going concern

The Group and Company meet their day-to-day working capital requirements through cash generated from their operations and through funding arrangements with Dundee City Council, the Group's principal customer and 100% shareholder. The Group and Company are dependent on the ongoing working relationship with Dundee City Council with regard to the continued deferral of waste diversion costs and other measures that have been agreed in order to aid the Group and Company in repaying their liabilities as they fall due. The Directors have received assurances regarding this ongoing working relationship from Dundee City Council and notwithstanding that Dundee City Council and Angus Council are currently seeking to replace their waste contracts with the Company (as outlined in the Strategic Report above), Dundee City Council and Angus Council have not yet concluded their procurement exercise and the existing contracts with DERL until 2020 remain in place. The Directors are not aware of any reason why the financial support provided by Dundee City Council will not continue to be extended.

Accordingly, the Directors continue to adopt the going concern basis.

Dividends

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

Directors and their interests

The following persons were Directors of the Company during the period and to the date of this report as indicated below. Details of their emoluments are set out in note 5 to the financial statements.

A. Flight
I. E. Kelly
K. J. Kerr
R. McMullan (resigned 22 September 2016)

No Director had any interest in the issued share capital of the Company at 27 December 2015 or 28 December 2014.

Directors' report continued

For the 52 week period ended 27 December 2015

Secretary and registered office

The company secretary is TM Company Services Limited. The registered office is 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL.

Independent auditor

The Company has elected to dispense with the obligation to appoint an auditor annually and, accordingly, Deloitte LLP will continue as auditor for the ensuing financial year under the provisions of section 418 of the Companies Act 2006.

Each of the persons who is a Director at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the Director 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board,

Kenneth J Kerr
Interim Managing Director

14 November 2016

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 period. 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 the Group and of the profit or loss of the Company and 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent auditor's report to the members of Dundee Energy Recycling Limited

We have audited the financial statements of Dundee Energy Recycling Limited for the 52 week period ended 27 December 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 23. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 financal statements. In addition, we read all the financial and non-financial information in the annual 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 other matters prescribed by the Companies Act 2006

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 27 December 2015 and of the Group's profit for the 52 week 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.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

L Cowie

Lyn Cowie CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom

15 November 2016

Consolidated profit and loss account

For the 52 week period ended 27 December 2015

	Notes	52 weeks ended 27 December 2015 £'000	52 weeks ended 28 December 2014 £'000
Turnover	2	9,805	9,629
Cost of sales		(5,654)	(5,290)
Gross profit		4,151	4,339
Administrative expenses		(2,662)	(2,532)
Operating profit		1,489	1,807
Net interest payable and similar charges	6	(587)	(688)
Profit on ordinary activities before taxation	3	902	1,119
Tax on profit on ordinary activities	7	-	-
Profit for the financial period	16,17	902	1,119

All results for the financial period were derived from continuing operations.

There were no recognised gains or losses for the period or preceding period other than those shown above. Accordingly no separate Statement of Total Recognised Gains and Losses has been presented.

The accompanying notes form an integral part of these financial statements.

Consolidated and Parent Company balance sheets

As at 27 December 2015

	Notes	Group		Company	
		27 December 2015 £'000	28 December 2014 £'000	27 December 2015 £'000	28 December 2014 £'000
Fixed assets					
Investments	8	-	-	-	-
Tangible assets	9	3,096	3,730	3,096	3,730
Current assets					
Stocks	10	917	968	-	-
Debtors due within one year	11	1,218	1,046	22,377	20,217
Cash at bank and in hand		1,129	1,584	1,129	1,584
		3,264	3,598	23,506	21,801
Creditors: Amounts falling due within one year	12	(4,649)	(4,655)	(32,855)	(27,844)
Net current liabilities		(1,385)	(1,057)	(9,349)	(6,043)
Total assets less current liabilities		1,711	2,673	(6,253)	(2,313)
Creditors: Amounts falling due after more than one year	13	(8,586)	(10,450)	(8,586)	(10,449)
Net liabilities		(6,875)	(7,777)	(14,839)	(12,762)
Capital and reserves					
Called-up share capital	14	44,558	44,558	44,558	44,558
Share premium account	16	150	150	150	150
Profit and loss account	16	(51,583)	(52,485)	(59,547)	(57,470)
Shareholders' deficit	17	(6,875)	(7,777)	(14,839)	(12,762)

The accompanying notes form an integral part of these financial statements.

The financial statements of Dundee Energy Recycling Limited (Company Registration No. SC148254) were approved by the Board of Directors and authorised for issue on 14 November 2016 and signed on its behalf by: -

Kenneth J Kerr
Interim Managing Director

Consolidated cash flow statement

For the 52 week period ended 27 December 2015

	Notes	52 weeks ended 27 December 2015 £'000	52 weeks ended 28 December 2014 £'000
Net cash inflow from operating activities	18	1,909	2,371
Returns on investments and servicing of finance			
Interest received	6	6	12
Interest paid	6	(194)	(194)
Interest element of finance lease payments	6	(399)	(506)
Net cash outflow from returns on investments and servicing of finance		(587)	(688)
Capital expenditure and financial investments			
Purchase of tangible fixed assets	9	(24)	(432)
Net cash outflow from capital expenditure and financial investments		(24)	(432)
Net cash inflow before management of liquid resources and financing		1,298	1,251
Financing			
Capital element of finance lease payments		(1,753)	(1,645)
Net cash outflow from financing		(1,753)	(1,645)
Decrease in cash in the period	18	(455)	(394)

The accompanying notes form an integral part of these financial statements.

1. Accounting policies

A summary of the principal accounting policies of the Group, all of which have been applied consistently throughout the current and preceding period is set out below:

a) Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention. They include the results of the activities described in the Directors' Report, all of which are continuing.

The current financial climate continues to create uncertainty within the wider United Kingdom economy, particularly with regard to revenue streams and funding arrangements. The Directors have completed a detailed going concern assessment for the Group and Company, which has included an assessment of the impact of these uncertainties on the Group and Company, and which has included the review of trading projections for a period of at least 12 months from the date of approval of these financial statements. The Group and Company are in positions of net liabilities but hold positive cash balances.

The Group and Company meet their day-to-day working capital requirements through cash generated from their operations and through funding arrangements with Dundee City Council, the Group's principal customer and 100% shareholder. The Group and Company are dependent on the ongoing working relationship with Dundee City Council, with regard to the continued deferral of waste diversion costs and other measures that have been agreed in order to aid the Group and Company in repaying their liabilities as they fall due. The Directors have received assurances regarding this ongoing working relationship from Dundee City Council and notwithstanding that Dundee City Council and Angus Council are currently seeking to replace their waste contracts with the Company (as outlined in the Strategic Report above), Dundee City Council and Angus Council have not yet concluded their procurement exercise and the existing contracts with DERL until 2020 remain in place. The Directors are not aware of any reason why the financial support provided by Dundee City Council will not continue to be extended.

Accordingly, the Directors continue to adopt the going concern basis.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of Dundee Energy Recycling Limited and its subsidiary undertakings drawn up to 27 December 2015 and 28 December 2014. All intra-group balances, transactions and profits are eliminated on consolidation.

c) Turnover

Turnover, which is stated net of VAT, represents amounts in respect of processing waste and generating electricity and related items.

d) Stocks

Stocks comprise spare parts for plant and equipment and are stated at the lower of cost or replacement cost. Provision is made for obsolete or defective items where appropriate.

e) Tangible fixed assets

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

Depreciation of the cost of constructing the waste processing and power generation facilities is provided over their estimated useful economic lives (being 20 years) and commenced when operations began on 31 March 2000. The carrying value of those tangible fixed assets is reviewed annually by the Directors to determine whether there has been any permanent impairment to their value.

1. Accounting policies (continued)

e) Tangible fixed assets (continued)
Land is not depreciated. Assets under construction are not depreciated until completed.

Depreciation on other assets is provided at rates calculated to write off the cost less estimated residual value of those assets on a straight-line basis, over their estimated useful economic lives which is between 3 and 20 years.

f) Finance leases
Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

g) Operating leases
Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

h) Taxation
Current tax, comprising UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

i) Investments
Investments in subsidiary undertakings are stated at cost less provision for impairment. The carrying values of these investments are reviewed annually by the Directors to determine whether there has been any impairment to their value.

j) Pension
The employees of the Group participate in a money purchase pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. Turnover

The Group's business activity is that described in the Directors' Report. Accordingly all of the Group's net assets are in the United Kingdom and all turnover is derived entirely in the United Kingdom.

3. Profit on ordinary activities before taxation

	Group	
Profit on ordinary activities before taxation is stated after charging:	52 weeks ended 27 December 2015 £'000	52 weeks ended 28 December 2014 £'000
Depreciation (note 9)	658	590
Operating lease charges – plant and machinery (note 19)	60	60
Remuneration of auditor for audit services	22	22
Remuneration of auditor for non-audit services	-	-

4. Staff costs

	Group	
The average monthly number of employees was:	52 weeks ended 27 December 2015 Number	52 weeks ended 28 December 2014 Number
Management	10	10
Operations	34	34
	44	44
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	1,881	1,761
Social security costs	188	191
Pension costs	84	74
	2,153	2,026

The pension costs noted above relate to contributions made by the Group to a money purchase scheme which is available to all employees.

5. Directors' remuneration

Directors' remuneration during the period amounted to:

	Group and Company	
	52 weeks ended 27 December 2015	52 weeks ended 28 December 2014
	£	£
Aggregate emoluments	225,627	245,612
Highest paid director:	£	£
Emoluments	107,926	135,352
Pension contributions	6,105	-

Pension contributions during the period in respect of Directors amounted to:

	Group and Company	
	52 weeks ended 27 December 2015	52 weeks ended 28 December 2014
	£	£
Contributions	6,105	5,715

The pension contributions noted above were in respect of 1 Director (December 2014: 2) and were made to a money purchase scheme.

6. Net interest payable and similar charges

	Group	
	52 weeks ended 27 December 2015	52 weeks ended 28 December 2014
	£'000	£'000
Interest payable on loan (note 13)	194	194
Interest receivable	(6)	(12)
Interest element of finance lease payments	399	506
	587	688

7. **Tax on profit on ordinary activities**

Current taxation	Group 52 weeks ended 27 December 2015 £'000	 52 weeks ended 28 December 2014 £'000
UK corporation tax at 20.25% (December 2014: 21.5%)	-	-
Tax on profit on ordinary activities	-	-

No provision has been made for deferred taxation (December 2014: £nil). There is an unprovided deferred tax asset at 27 December 2015 of £8,785,000 (December 2014: £11,478,000). Having considered the recoverability of the deferred tax asset, the Directors do not consider it prudent to recognise this asset at the present time.

The forthcoming changes in the corporation tax rate to 18% and 17% in future years will not materially affect the future tax charge.

The differences between the total current tax as shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	52 weeks ended 27 December 2015 £'000	52 weeks ended 28 December 2014 £'000
Profit on ordinary activities before tax	902	1,119
Tax charge on ordinary activities at standard UK corporation tax rate of 20.25% (December 2014: 21.5%)	183	241
Factors affecting the credit for the period:		
Depreciation in excess of capital allowances	133	127
Movement in losses	(316)	(368)
Tax on profit on ordinary activities	-	-

8. Fixed asset investments

No fixed asset investments are held by the Group (December 2014: £nil).

	Company	
	27 December 2015	28 December 2014
	£	£
Shares in subsidiary undertakings	200	200

Principal subsidiary undertakings

The parent company is the beneficial owner of the following subsidiary undertakings:

	Activity	Incorporation and registration	Shareholding
Dundee Waste Management Limited	Processing waste	Scotland	100%
Dundee Electricity Company Limited	Electricity generation	Scotland	100%

9. Tangible fixed assets

	Group and Company		
	Land	Plant and equipment	Total
	£'000	£'000	£'000
Cost			
At 29 December 2014	124	38,995	39,119
Additions	-	24	24
At 27 December 2015	124	39,019	39,143
Depreciation			
At 29 December 2014	-	35,389	35,389
Charge for the period	-	658	658
At 27 December 2015	-	36,047	36,047
Net book value			
At 27 December 2015	124	2,972	3, 096
At 28 December 2014	124	3,606	3,730

During 2004, the Company sold all its fixed assets to Dundee City Council and leased them back under a long-term finance lease arrangement. During 2007, the Company sold further fixed assets which it had acquired since the 2004 transaction to Dundee City Council and leased them back under a similar arrangement. During 2008 and 2010, certain plant capital improvements were financed by further finance lease arrangements with Dundee City Council. Further plant capital improvements were undertaken in 2013 and were financed under a similar arrangement with Dundee City Council.

In accordance with the requirements of FRS5, the fixed assets continue to be recorded on the balance sheet of the Company at the net book value immediately preceding these transactions, and are being depreciated in accordance with the accounting policies set out in note 1e). The lease expires on 31 December 2020.

10. Stocks

	Group		Company	
	27 December 2015	28 December 2014	27 December 2015	28 December 2014
	£'000	£'000	£'000	£'000
Stock of spare parts and consumables	917	968	-	-

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. Debtors: Amounts falling due within one year

	Group		Company	
	27 December 2015	28 December 2014	27 December 2015	28 December 2014
	£'000	£'000	£'000	£'000
Trade debtors	912	765	-	-
Amounts owed by subsidiary undertakings (note 20)	-	-	22,210	20,047
Other debtors and prepayments	306	281	167	170
	1,218	1,046	22,377	20,217

The amounts owed by subsidiary undertakings are repayable on demand and non-interest bearing.

12. Creditors: Amounts falling due within one year

	Group		Company	
	27 December 2015	28 December 2014	27 December 2015	28 December 2014
	£'000	£'000	£'000	£'000
Capital element of finance lease payments	1,873	1,762	1,873	1,763
Trade creditors	2,045	2,244	333	671
Amounts owed to subsidiary undertakings	-	-	30,127	25,037
Accruals and deferred income	731	649	522	373
	4,649	4,655	32,855	27,844

The amounts owed to subsidiary undertakings are repayable on demand and non-interest bearing.

13. Creditors: Amounts falling due after more than one year

	Group and Company	
	27 December 2015 £'000	28 December 2014 £'000
Secured borrowings:		
5% fixed rate loan 2017	2,300	2,300
5% fixed rate loan 2020	1,600	1,600
Capital element of finance lease payments	4,686	6,550
	8,586	10,450

The secured borrowings are made under facility agreements totalling £3,900,000 (December 2014: £3,900,000) with Dundee City Council and are secured by floating charges over all assets of the Company.

The borrowings and finance lease payments are repayable as follows:

	Group and Company	
	27 December 2015 £'000	28 December 2014 £'000
Between one and two years	1,873	1,873
Between two and five years	6,713	4,345
After five years	-	4,232
	8,586	10,450
Within one year	1,873	1,762
	10,459	12,212

14. Share capital

Authorised, called-up, allotted and fully paid:	Group and Company	
	27 December 2015	28 December 2014
	£	£
40 Class A ordinary shares of £1 each	40	40
34 Class B ordinary shares of £1 each	34	34
26 Class C ordinary shares of £1 each	26	26
44,557,485 deferred shares of £1 each	44,557,485	44,557,485
	44,557,585	44,557,585

The A, B and C ordinary shares rank "pari passu" in respect of voting, dividends and other rights, subject to certain restrictions. Holders of the deferred shares are entitled to dividends in accordance with the provisions of the Company's articles of association. The deferred shares are not redeemable and carry no voting rights. On liquidation of the Company, holders of the deferred shares are entitled to receive up to £1 per share providing that all third party liabilities have been settled and that holders of the ordinary shares have been paid the sum of £5,000,000.

15. Shareholders' holdings

The shareholders' beneficial percentage holdings in the Company as at 27 December 2015 and as at the date of this report was as follows:

Dundee City Council	Class A ordinary shares	100%	Deferred shares	100%
Dundee City Council	Class B ordinary shares	100%		
Dundee City Council	Class C ordinary shares	100%		

16. Reserves

	Group		Company	
	Share premium account £'000	Profit and loss account £'000	Share premium account £'000	Profit and loss account £'000
At 29 December 2014	150	(52,485)	150	(57,470)
Profit/(Loss) for the financial period	-	902	-	(2,077)
At 27 December 2015	150	(51,583)	150	(59,547)

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Parent company is not presented as part of these financial statements. The Company's loss for the financial year amounted to £2,077,000 (December 2014: loss of £648,000).

21. Related party transactions

During the 52 week period to 27 December 2015 the Group and company recorded the following transactions with its related parties:

	Group		Company	
	52 weeks ended 27 December 2015 £'000	52 weeks ended 28 December 2014 £'000	52 weeks ended 27 December 2015 £'000	52 weeks ended 28 December 2014 £'000
Dundee City Council:				
Gate fee income for waste disposal	5,329	5,299	-	-
Charges for lease rentals, diversion costs, payroll services, provision of site transport and ash disposal	(2,437)	(2,479)	(2,154)	(2,154)

The balances owed to Dundee City Council at the period-end were £1,485,000 (December 2014: £1,812,000), along with the finance lease and the loans detailed in notes 12 and 13. Interest payable on the loan is detailed in note 6.

The balances owed by Dundee City Council at the period-end were £78,000 (December 2014 - £74,000).

Dundee City Council is a related party by virtue of it being the 100% shareholder in the Company.

22. Contingent Liabilitiy

Recent case law has considered the elements to be included within the calculation of an employee's holiday pay. Dundee Energy Recycling Limited is currently taking legal advice to establish whether non-contractual overtime and certain other payments are affected. At this point in time it is not possible to identify the extent and amount of Dundee Energy Recycling Limited's liability, if any.

23. Ultimate controlling party

By holding 100% of the issued ordinary share capital of the company Dundee City Council is deemed the ultimate controlling party.