



Financial statements Agrivert (Hertfordshire) Limited

For the year ended 31 December 2010

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COMPANIES HOUSE

Company No. 06771560

Officers and professional advisers

Company registration number	06771560
Registered office	The Stables Radford CHIPPING NORTON Oxfordshire OX7 4EB
Directors	R B A Maddan R J Hunt
Secretary	R J Hunt
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South OXFORD OX4 2WB

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2010

Principal activities

During the period, the principal activity of the company was the operation of an in-vessel composting ("IVC") facility used for the processing and recycling of organic wastes. The main customers are the waste management industry and local authorities.

Directors

The directors who served the company during the year were as follows

R B A Maddan
R A B McGrigor (retired as a director on 16 April 2010)
R J Hunt (appointed as a director on 29 April 2010)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

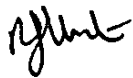
Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

ON BEHALF OF THE BOARD



R J Hunt
Director



Independent auditor's report to the members of Agrivert (Hertfordshire) Limited

We have audited the financial statements of Agrivert (Hertfordshire) Limited for the year ended 31 December 2010 which comprise the accounting policies, profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

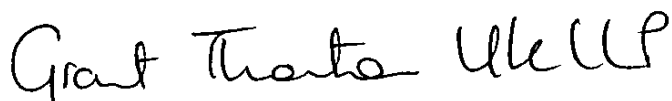
In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Agrivert (Hertfordshire) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



Tracey James
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
6 April 2011

Accounting policies

Basis of accounting

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

The accounting policies remain unchanged from the prior period and are set out below

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. This relates to fees for the processing of waste for the principal customer, which are recognised in relation to the total tonnage of waste processed

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as set out below. The company has accounted for the single assets of an in-vessel composting facility under the overhauls model, whereby certain parts requiring regular replacement are depreciated over a shorter period than the remainder of the facility

Plant & machinery - 5 - 20 years straight line

While assets remain in the course of construction no depreciation is charged

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transaction. All differences are taken to the profit and loss account

Deferred government grants

Deferred government grants are released to the profit and loss account over the period of the contract based on agreed levels of waste processing. The grants are recognised in full when the total contractually agreed tonnage has been processed.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

		Year to 31 Dec 10 £	Period from 11 Dec 08 to 31 Dec 09 £
	Note		
Turnover		1,610,620	—
Cost of sales		(899,779)	—
Gross profit		710,841	—
Other operating income	3	162,943	—
Operating profit	4	873,784	—
Interest receivable		13	—
Interest payable and similar charges		(93,059)	—
Profit on ordinary activities before taxation		780,738	—
Tax on profit on ordinary activities	5	(330,490)	—
Profit for the financial year	18	450,248	—

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	7	<u>5,711,328</u>	<u>1,446,599</u>
Current assets			
Debtors	8	158,015	405,647
Cash at bank		<u>1,023,566</u>	<u>56,585</u>
		<u>1,181,581</u>	<u>462,232</u>
Creditors amounts falling due within one year	9	<u>(180,844)</u>	<u>(1,852,146)</u>
Net current assets/(liabilities)		<u>1,000,737</u>	<u>(1,389,914)</u>
Total assets less current liabilities		<u>6,712,065</u>	<u>56,685</u>
Creditors amounts falling due after more than one year	10	<u>(4,002,304)</u>	<u>—</u>
Provisions for liabilities			
Deferred taxation	11	(330,490)	—
Accruals and deferred income	12	(124,309)	—
Government grants	13	<u>(814,714)</u>	<u>(56,585)</u>
		<u>1,440,248</u>	<u>100</u>
Capital and reserves			
Called-up equity share capital	17	1,440,000	100
Profit and loss account	18	<u>248</u>	<u>—</u>
Shareholders' funds		<u>1,440,248</u>	<u>100</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on ^{6th} April 2011, and are signed on their behalf by



R J Hunt
Director

Company Registration Number 06771560

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2010 £	2009 £
United Kingdom	<u>1,610,620</u>	<u>—</u>

2 Other operating charges

All charges are deemed to be directly relating to the processes of generating turnover, consequently there are no other operating charges.

3 Other operating income

	2010 £	2009 £
Grant income (note 13)	<u>162,943</u>	<u>—</u>

4 Operating profit

Operating profit is stated after charging/(crediting)

	Year to 31 Dec 10 £	Period from 11 Dec 08 to 31 Dec 09 £
Amortisation of government grants	(162,943)	—
Depreciation of owned fixed assets	291,600	—
Operating lease costs – plant	52,345	—
Auditor's remuneration		
Audit fees	5,000	—
Tax fees	<u>1,750</u>	<u>—</u>

Directors remuneration is borne by Agrivert Limited, being the parent company of Agrivert Composting Limited, being the parent company of Agrivert (Hertfordshire) Limited.

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences (note 11)	330,490	-
Tax on profit on ordinary activities	<u>330,490</u>	<u>-</u>

(b) Factors affecting current tax charge

	Year to 31 Dec 10 £	Period from 11 Dec 08 to 31 Dec 09 £
Profit on ordinary activities before taxation	780,738	-
Profit on ordinary activities by rate of tax	218,607	-
Expenses not deductible for tax purposes	40,078	-
Income not allowable for tax purposes	(45,624)	-
Capital allowances for period in excess of depreciation	(335,490)	(98,429)
Group relief	122,429	-
Unrelieved tax losses	-	98,429
Total current tax	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

The company has tax losses available for set off against future profits of approximately £nil (2009 £350,000)

6 Dividends

	Year to 31 Dec 10 £	Period from 11 Dec 08 to 31 Dec 09 £
Dividends paid during the year on ordinary shares	<u>450,000</u>	<u>-</u>

7 Tangible fixed assets

	Plant & machinery £	Assets in the course of construction £	Total £
Cost			
At 1 January 2010	–	1,446,599	1,446,599
Additions	3,256	4,553,073	4,556,329
Transfers	5,999,672	(5,999,672)	–
At 31 December 2010	<u>6,002,928</u>	<u>–</u>	<u>6,002,928</u>
Depreciation			
Charge for the year	291,600	–	291,600
At 31 December 2010	<u>291,600</u>	<u>–</u>	<u>291,600</u>
Net book value			
At 31 December 2010	<u>5,711,328</u>	<u>–</u>	<u>5,711,328</u>
At 31 December 2009	<u>–</u>	<u>1,446,599</u>	<u>1,446,599</u>

8 Debtors

	2010 £	2009 £
Trade debtors	119,167	–
Amounts owed by group undertakings	–	100
VAT recoverable	–	226,178
Other debtors	38,848	179,369
	<u>158,015</u>	<u>405,647</u>

9 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans	47,696	–
Trade creditors	52,746	–
Amounts owed to group undertakings	44,121	1,852,146
Other taxation	36,281	–
	<u>180,844</u>	<u>1,852,146</u>

10 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Bank loan	<u>4,002,304</u>	<u>-</u>

The bank loan is secured by a fixed and floating charge over all the assets of the company, as well as a first ranking legal charge over the lease on the land on which the in-vessel composting ("IVC") plant is situated near South Mimms, Hertfordshire. Interest is payable at the higher of 3.5% or the base rate plus a margin, being 2% or 2.5%, depending on specific circumstances. Agrivert Limited (being the parent company of Agrivert Composting Limited, being Agrivert (Hertfordshire) Limited's immediate parent company) has also guaranteed 10% of the loan balance, until certain conditions are met.

11 Deferred taxation

The provision made in the year for deferred taxation consists of the tax effect of timing differences in respect of

	2010	2009
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>330,490</u>	<u>-</u>

12 Accruals and deferred income

	2010	2009
	£	£
Accruals and deferred income	<u>124,309</u>	<u>-</u>

13 Government grants

	2010	2009
	£	£
Received and receivable		
At 1 January 2010	56,585	-
Received during year	<u>921,072</u>	<u>56,585</u>
At 31 December 2010	<u>977,657</u>	<u>56,585</u>
Amortisation		
Release to profit and loss account (note 3)	<u>162,943</u>	<u>-</u>
At 31 December 2010	<u>162,943</u>	<u>-</u>
Net balance at 31 December 2010	<u>814,714</u>	<u>56,585</u>

The grant represents amounts received from the Waste & Resources Action Programme ("WRAP") in relation to the construction and operation of the in-vessel composting plant at South Mimms, Hertfordshire.

14 Commitments under operating leases

At 31 December 2010 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2010	2009
	£	£
Operating leases which expire		
After more than 5 years	<u>58,500</u>	<u>58,500</u>

The commitment disclosed above is in relation the rental of the property at South Mimms, at which the in-vessel composting unit is situated. The rental charge is a proportion of turnover per annum. The above commitment is an estimate of the average cost based on estimated turnover.

15 Contingencies

There were no contingent liabilities as at 31 December 2010 or 31 December 2009.

16 Related party transactions

H R Murray-Philipson, a non-executive director of Agrivert Limited (parent company of Agrivert (Hertfordshire) Limited), is a trustee of the Tyttenhanger Estate Trust which is the ultimate landlord of the site near South Mimms. The rent on this site is not fixed but is based on a proportion of revenue generated. During the year rent of £52,345 (2009 - £nil) was charged to the company and £18,347 (2009 - £nil) was outstanding at the year end.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related Party Disclosures', not to disclose transactions with other group companies in the group headed by Agrivert Group Limited on the grounds that consolidated accounts are publicly available.

17 Share capital

Authorised share capital

	2010	2009
	£	£
1,440,000 (2009 - 100) Ordinary shares of £1 each	<u>1,440,000</u>	<u>100</u>

Allotted, called up and fully paid

	2010		2009
	No	£	No
			£
Ordinary shares of £1 each	<u>1,440,000</u>	<u>1,440,000</u>	<u>100</u>

On 12 May 2010 the company amended its memorandum of association so as to increase its authorised share capital to 1,440,000 ordinary £1 shares. On the same date it issued a further 1,439,900 ordinary shares of £1 each to its parent company, Agrivert Composting Limited, at par.

18 Profit and loss account

	Year to 31 Dec 10	Period from 11 Dec 08 to 31 Dec 09
	£	£
Profit for the financial year	450,248	—
Equity dividends (note 6)	(450,000)	—
Balance carried forward	<u>248</u>	<u>—</u>

19 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2009 - £4,460,319). The prior year amount was in respect of costs to be capitalised in relation to the construction of the plant at South Mimms.

20 Ultimate parent company

Agrivert Composting Limited is the company's immediate parent undertaking, by virtue of its 100% shareholding in the company. The ultimate parent company is Agrivert Group Limited, for which consolidated accounts are publicly available.