

# Financial Statements

## Agrivert (Hertfordshire) Limited

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**For the year ended 31 December 2012**



**Registered number: 06771560**

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**Agrivert (Hertfordshire) Limited**

## Company Information

<b>Directors</b>	R B A Maddan R J Hunt
<b>Company secretary</b>	R J Hunt
<b>Company number</b>	06771560
<b>Registered office</b>	The Stables Radford CHIPPING NORTON Oxfordshue OX7 4EB
<b>Auditor</b>	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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## **Directors' Report**

**For the year ended 31 December 2012**

The directors present their report and the financial statements for the year ended 31 December 2012

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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.

### **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 during the year were

R B A Maddan  
R J Hunt

### **Provision of information to auditor**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

**Agrivert (Hertfordshire) Limited**

## Directors' Report

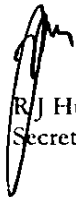
For the year ended 31 December 2012

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

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

This report was approved by the board on 28 March 2013 and signed on its behalf



RJ Hunt  
Secretary



## 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 2012, which comprise the Profit and loss account, the 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 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 (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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 2012 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 Directors' report 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

### **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

A handwritten signature in black ink that reads "Grant Thornton UK LLP".

Tracey James (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Oxford

28 March 2013

## **Profit and Loss Account**

**For the year ended 31 December 2012**

	<b>Note</b>	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
<b>Turnover</b>	1,2	<b>2,495,216</b>	2,582,467
Cost of sales		<u><b>(2,339,643)</b></u>	<u>(2,601,822)</u>
<b>Gross profit/(loss)</b>		<b>155,573</b>	(19,355)
Other operating income	3	<u><b>217,257</b></u>	<u>217,257</u>
<b>Operating profit</b>	4	<b>372,830</b>	197,902
Interest receivable and similar income		<b>2,036</b>	99
Interest payable and similar charges		<u><b>(135,425)</b></u>	<u>(141,649)</u>
<b>Profit on ordinary activities before taxation</b>		<b>239,441</b>	56,352
Tax on profit on ordinary activities	5	<u><b>(9,398)</b></u>	<u>55,195</u>
<b>Profit for the financial year</b>	14	<u><u><b>230,043</b></u></u>	<u><u>111,547</u></u>

The notes on pages 7 to 13 form part of these financial statements



## Balance Sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	6		5,188,885		5,617,252
<b>Current assets</b>					
Debtors	7	499,260		327,090	
Cash at bank		1,062,641		1,052,557	
		<u>1,561,901</u>		<u>1,379,647</u>	
<b>Creditors</b> amounts falling due within one year	8	(605,413)		(568,761)	
<b>Net current assets</b>			<u>956,488</u>		<u>810,886</u>
<b>Total assets less current liabilities</b>			<u>6,145,373</u>		<u>6,428,138</u>
<b>Creditors</b> amounts falling due after more than one year	9		(3,407,749)		(3,710,221)
<b>Provisions for liabilities</b>					
Deferred tax	10		(284,693)		(275,295)
<b>Accruals and deferred income</b>	11		(671,093)		(890,827)
<b>Net assets</b>			<u>1,781,838</u>		<u>1,551,795</u>
<b>Capital and reserves</b>					
Called up share capital	13		1,440,000		1,440,000
Profit and loss account	14		341,838		111,795
<b>Shareholders' funds</b>			<u>1,781,838</u>		<u>1,551,795</u>

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

The financial statements were approved and authorised for issue by the board and were signed on their behalf by 28 March 2013

  
R J Hunt  
Director

The notes on pages 7 to 13 form part of these financial statements

# Notes to the Financial Statements

For the year ended 31 December 2012

## **1. Accounting Policies**

### **1.1 Basis of preparation of financial statements**

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

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

### **1.2 Cash flow**

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008)

### **1.3 Turnover**

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

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

The company is party to certain contracts where it acts as an agent for other subsidiary undertakings of Agrivert Group Limited. In these circumstances the company does not recognise the amounts billed as turnover in the financial statements, only recognising any margin which it generates on those contracts. The amount billed by the company for the year ended 31 December 2012 on contracts where it acts as agent was £nil (2011 £29,532)

### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as set out below. The company has accounted for the single assets of an in-vessel composting facility under the overhauls method, 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
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### **1.5 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

# Notes to the Financial Statements

For the year ended 31 December 2012

## **1. Accounting Policies (continued)**

### **1.6 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

### **1.7 Government grants**

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

### **1.8 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

## **2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company

## **3. Other operating income**

	2012	2011
	£	£
Government grants receivable	217,257	217,257

# Notes to the Financial Statements

For the year ended 31 December 2012

## 4. Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets - owned by the company	444,818	402,166
Auditor's remuneration	5,000	5,000
Auditor's remuneration - non-audit	1,000	1,000
Operating lease costs - plant	75,548	82,284
Amortisation of government grants	(217,257)	(217,257)

During the year, no director received any emoluments (2011 - £NIL)

## 5. Taxation

	2012 £	2011 £
<b>Analysis of tax charge in the year</b>		
<b>Deferred tax</b>		
Origination and reversal of timing differences	31,422	(19,785)
Effect of decreased tax rate on opening liability	(22,024)	(35,410)
<b>Total deferred tax (see note 10)</b>	<b>9,398</b>	<b>(55,195)</b>
<b>Tax on profit on ordinary activities</b>	<b>9,398</b>	<b>(55,195)</b>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.50% (2011 - 26.49%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	239,441	56,352
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.50% (2011 - 26.49%)	58,657	14,928
<b>Effects of</b>		
Expenses not deductible for tax purposes	4,359	3,900
Depreciation in excess of capital allowances	(33,250)	38,730
Non-taxable government grant income	(53,222)	(57,558)
Group relief	23,456	-
<b>Current tax charge for the year (see note above)</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

For the year ended 31 December 2012

## 6. Tangible fixed assets

	Plant & machinery £
<b>Cost</b>	
At 1 January 2012	6,311,018
Additions	16,451
At 31 December 2012	6,327,469
<b>Depreciation</b>	
At 1 January 2012	693,766
Charge for the year	444,818
At 31 December 2012	1,138,584
<b>Net book value</b>	
At 31 December 2012	5,188,885
At 31 December 2011	5,617,252

## 7. Debtors

	2012 £	2011 £
Trade debtors	422,203	234,825
Other debtors	77,057	92,265
	499,260	327,090

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

	2012 £	2011 £
Bank loans	302,472	292,083
Trade creditors	237,216	184,683
Amounts owed to group undertakings	37,410	31,632
Amounts owed to joint ventures	549	-
Social security and other taxes	27,766	60,363
	605,413	568,761

# Notes to the Financial Statements

For the year ended 31 December 2012

## 9. Creditors:

### Amounts falling due after more than one year

	2012	2011
	£	£
Bank loans	<u>3,407,749</u>	<u>3,710,221</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 of the land on which the in-vessel composting ("IVC") plant is situated near South Mums, 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.

## 10. Deferred taxation

	2012	2011
	£	£
At beginning of year	275,295	330,490
Charge for/(released during) year	9,398	(55,195)
At end of year	<u>284,693</u>	<u>275,295</u>

The provision for deferred taxation is made up as follows:

	2012	2011
	£	£
Accelerated capital allowances	<u>284,693</u>	<u>275,295</u>

## 11. Accruals and deferred income

	2012	2011
	£	£
Accruals and deferred income	182,264	184,741
Government grants (note 12)	488,829	706,086
	<u>671,093</u>	<u>890,827</u>

# Notes to the Financial Statements

For the year ended 31 December 2012

## 12. Government grants

	2012 £	2011 £
Net balance brought forward	706,086	814,714
Received during the year	-	108,629
Released to the profit and loss account (note 3)	(217,257)	(217,257)
	<u>488,829</u>	<u>706,086</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

## 13. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1,440,000 Ordinary shares of £1 each	<u>1,440,000</u>	<u>1,440,000</u>

## 14. Reserves

	Profit and loss account £
At 1 January 2012	111,795
Profit for the year	230,043
	<u>341,838</u>
At 31 December 2012	

## 15. Contingent liabilities

There were no contingent liabilities at 31 December 2012 or 31 December 2011

## Notes to the Financial Statements

For the year ended 31 December 2012

### **16. Operating lease commitments**

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012 £	2011 £
<b>Expiry date.</b>		
After more than 5 years	<u>72,000</u>	<u>72,000</u>

The commitment disclosed above is in relation to the rental of the site 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.

### **17. Capital commitments**

The directors have confirmed that there were no capital commitments at 31 December 2012 or 31 December 2011.

### **18. Related party transactions**

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.

Oxford Renewable Energy Limited is a related party by virtue of it being a joint venture investment of Agrivert Biogas Limited. During the year purchase invoices totalling £12,479 (2011 £55,908) were raised between the companies. At 31 December 2012 the company owed £549 (2011 nil), this is included in amounts owed to joint ventures.

### **19. Ultimate parent undertaking and controlling party**

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.