Registered number: NI641783

Linergy Limited

Annual report and financial statements

For the period ended 30 September 2017

Linergy Limited

Contents

Linergy Limited

Company information

Directors	Francesco Arico (appointed 24 March 2017) John Alfred Best (appointed 24 March 2017) James George Dobson (appointed 24 March 2017) Trevor William Lockhart (appointed 27 October 2016) John McShane (appointed 27 October 2016) Gordon Waugh (appointed 24 March 2017) Paul Johnston (appointed 1 February 2017, resigned 28 February 2017) Richard Alexander Glenn Moore (appointed 24 March 2017, resigned 23 October 2017)
Company secretary	Jerome Grimes (appointed 27 October 2016)
Registered number	NI641783
Registered office	Granville Industrial Estate Dungannon Tyrone BT70 1NJ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Waterfront Plaza 8 Laganbank Road Belfast BT1 3LR
Bankers	Bank of Ireland Scotch Street Dungannon Tyrone BT70 1AR
Solicitors	Carson McDowell LLP Murray House Murray Street Belfast BT1 6DN

Linergy Limited

Strategic Report
For the period ended 30 September 2017

Introduction

The directors present their strategic report on the company for the period ended 30 September 2017. The company was incorporated on 27 October 2016.

Principal activities and review of the business

The principal activities of the company is the operation of rendering plants.

On 27 February 2017 the company acquired the trade and assets from two other group undertakings, Linergy Group Limited and Ulster Farm By-Products Limited.

Despite the difficult economic climate within the industry the company has continued to invest in capital projects which will help the company meet its strategic goals. The company will also continue to invest in people, product development, facilities and suitable acquisitions in order to ensure its ongoing development and will continue to seek every opportunity to increase profitable turnover.

Performance and position

The company's profit for the period is £786,064 and its net assets are £786,065.

The Board are confident that the strategic direction of the company will lead to an improvement of results in line with the expectations of its shareholders. The turnover of the company for the period was £10,933,374.

The operating profit of the company for the period was £1,334,015.

Key performance indicator

The key performance indicators for the company are set below:

	2017 £
Turnover	**10,933,374**
Gross profit margin	**60.1%**
Earnings before interest, tax, depreciation and amortisation	**1,903,951**
Employee numbers	**52**

Competition

The company operates in competitive markets and aims to provide excellent products and services at competitive prices. These factors are continually reviewed in each business to ensure appropriate margins are being realised and that the quality of service and products is of the highest standard and consistently improving. Quality systems are maintained according to current good practice and international quality standards.

Principal risks and uncertainties

The business faces many risks and uncertainties and these change from time to time depending on the current trading and economic environment. Many of these uncertainties are recognised and are summarised below:

- Maintenance of supply in a seasonal market;
- Pressure from customers to reduce or maintain existing selling prices and margins;
- Maintaining the highest quality standards; and
- Ensuring there is an adequate supply of suitably trained skilled staff to meet the highest of standards required.

Employees

The company's performance is largely dependent on its staff and therefore the reliance on key individuals together with the continuing ability to attract people with relevant experience and skills are important factors in ensuring the success of the company. To mitigate these risks, the company has training, learning and development programmes in place and provides attractive long-term career opportunities.

Environment

The company recognises its corporate responsibility to carry out its operations whilst ensuring that there is minimal environmental impact. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

General

The company's strategy is to create shareholder value by investing for the long term and by positioning the company to be the leader in its chosen markets. The performance for the year under review reflects further sustained progress towards achieving this long term objective and at the same time maintaining the company's strong balance sheet.

Future developments

The company intends to continue its commitment to capital investment to provide high quality products and services to its customers. There are many challenges facing the agricultural markets including sourcing supply and the challenge of competitors. The company believes it is well positioned to meet these future challenges and opportunities within this changing market-place.

This report was approved by the board on 13 March 2018 and signed on its behalf.

John Mc Shane

J McShane
Director

Directors' Report
For the period ended 30 September 2017

The directors present their report and the audited financial statements of the company for the period ended 30 September 2017. The company was incorporated on 27 October 2016 and started trading on 28 February 2017.

Future developments

The section on future developments which is detailed in the strategic report is included in this report by cross reference on page 3.

Results and dividends

The profit for the period amounted to £786,064.

The directors do not recommend payment of a dividend.

Directors

The directors who served during the period were:

Francesco Arico (appointed 24 March 2017)
John Alfred Best (appointed 24 March 2017)
James George Dobson (appointed 24 March 2017)
Trevor William Lockhart (appointed 27 October 2016)
John McShane (appointed 27 October 2016)
Gordon Waugh (appointed 24 March 2017)
Paul Johnston (appointed 1 February 2017, resigned 28 February 2017)
Richard Alexander Glenn Moore (appointed 24 March 2017, resigned 23 October 2017)

Financial risk management

The company's principal financial instruments comprise cash, trade debtors and creditors and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below:

Credit risk

Credit risk arises principally on third party derived revenues. Company policy is aimed at minimising risk and requires that a credit check through Dun and Bradstreet is carried out prior to engagement and sufficient credit insurance is maintained. Credit limits are reviewed on a regular basis, and only increased as a history is built up of trading within terms.

Liquidity risk

The company's liquidity risk is managed through a tightly controlled cash management process. The company has cash held at bank which is used to manage liquidity risk. Daily balances are reviewed through an e-banking facility and projected forward to keep within financial covenants. Regular reviews of facilities are carried out to ensure sufficient liquidity and the directors believe they have sufficient bank facilities to reduce liquidity risk to a reasonable level. The company continues to invest for the future in the business, and is confident of servicing all external debt within agreed terms.

Financial risk management (continued)

Interest rate risk

The company has interest bearing assets and currently no interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at fixed rate. The company has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign currency risk

The directors do not believe that the company has significant exposures arising from these foreign currency risks.

Market price risk

The directors consider that the company has an amount of exposure to movements in market prices, due to the commodity nature of the business. The business has maintained sufficient storage capacity to help flatten demand side fluctuations on a number of areas of the business.

Donations

No donations for political purposes were made during the period.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The company provides information to employees through works committees, at which employees have also been encouraged to present their suggestions and views on the company.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity has been in force throughout the current financial period. The company also purchased and maintained throughout the financial period directors' and officers' liability insurance in respect of itself and its directors.

Issues of shares

During the year, 1 ordinary share was issued for cash. The nominal value of this share was £1 and the consideration received was £1.

Directors' Report (continued)
For the period ended 30 September 2017

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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.

The directors 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.

Independent auditors

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

This report was approved by the board on 13 March 2018 and signed on its behalf.

John McShane

John McShane
Director

Independent Auditors' Report to the Members of Linergy Limited

Report on the audit of the financial statements

Opinion

In our opinion, Linergy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2017; the statement of comprehensive income; statement of changes in equity for the period ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Opinions on matter prescribed by the Companies Act 2006

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

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

Independent Auditors' Report to the Members of Linergy Limited (continued)

Reporting on information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Brenda Heenan

Brenda Heenan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast

13 March 2018

Linergy Limited

Statement of Comprehensive Income
For the period ended 30 September 2017

	Note	2017 £
Turnover	4	10,933,374
Cost of sales		(4,365,353)
Gross profit		6,568,021
Administrative expenses		(5,224,006)
Operating profit	5	1,344,015
Interest payable and similar expenses	8	(31,004)
Profit before tax		1,313,011
Tax on profit	9	(526,947)
Profit for the financial period		786,064
Total comprehensive income for the financial period		786,064

Linergy Limited
Registered number: NI641783

Statement of Financial Position
As at 30 September 2017

	Note		2017 £
Fixed assets			
Tangible assets	11		4,624,521
Investment properties	12		467,000
			5,091,521
Current assets			
Stocks	13	669,789	
Debtors	14	3,720,850	
Cash at bank and in hand		4,860,269	
		9,250,908	
Creditors: amounts falling due within one year	15	(13,374,719)	
Net current liabilities			(4,123,811)
Total assets less current liabilities			967,710
Provisions for liabilities			
Deferred income	17	(181,645)	
			(181,645)
Net assets			786,065
Capital and reserves			
Called up share capital	18		1
Retained earnings			786,064
Total shareholders' funds			786,065

The financial statements on pages 10 to 25 were approved and authorised for issue by the board and were signed on its behalf on 13 March 2018.

John McShane

John McShane
Director

The notes on pages 13 to 25 form part of these financial statements.

Statement of Changes in Equity
For the period ended 30 September 2017

	Called up share capital	Retained earnings	Total shareholders' funds
	£	£	£
Comprehensive income for the period			
Profit for the period	-	786,064	786,064
Total comprehensive income for the period	-	786,064	786,064
Share issued during the period	1	-	1
Total transactions with owners	1	-	1
At 30 September 2017	1	786,064	786,065

Notes to the Financial Statements
For the period ended 30 September 2017

1. General information

The company's principal activity during the period was the operation of rendering plants. The company was incorporated on 27 October 2016 and started trading on 28 February 2017.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is Granville Industrial Estate, Dungannon, Co. Tyrone, Northern Ireland, BT70 1NJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company meets its day-to-day working capital requirements through its bank facilities and amounts owed to group companies. Current trading conditions are in line with expectations and the company has banking facilities to meet current requirements. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been compiled with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flow, under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Linergy Group Limited, includes this information in its own consolidated financial statements.
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided to the consolidated financial statement disclosures; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.
- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 September 2017 it was wholly owned.

2. Accounting policies (continued)

2.4 Turnover

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

2.5 Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognized as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution scheme for specific employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.6 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

(i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2. Accounting policies (continued)

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.8 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	25 years
Plant and machinery	-	1 to 10 years as appropriate
Motor vehicles	-	2 to 4 years as appropriate
Fixtures and fittings	-	1 to 5 years as appropriate
Land is not depreciated		

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.9 Investment properties

Investment properties are carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.10 Stocks

Stock is stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of income and retained earnings.

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.12 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment.. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.13 Provisions for liabilities

(i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgements in applying the entity's accounting policies

There are no critical judgements in applying the applicable accounting policies.

4.2 Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

4. Turnover

Turnover is attributable to one continuing activity or class of business, the operation of rendering plants.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging/(crediting):

	For period ended 30 September 2017 £
Depreciation of tangible fixed assets	**539,744**
Foreign currency losses	**878**
Deferred government grants released	**(3,518)**
Amortisation of intangible assets	**20,192**
Fees payable to the company auditors for the audit of the company financial statements	**8,400**
Loss on disposal of tangible assets	**407,863**
Stock recognised as an expense	**2,472,454**

6. Employees

Staff costs, including directors' remuneration were as follows:

	For period ended 30 September 2017 £
Wages and salaries	**1,052,363**
Social security costs	**127,124**
Cost of defined contribution pension scheme	**50,877**
	1,230,364

6. Employees (continued)

The average monthly number of employees, including the directors, during the period was as follows:

	For period ended 30 September 2017 No.
Manufacturing	39
Selling and Administration	13
	52

7. Directors remuneration

	For period ended 30 September 2017 £
Directors' emoluments	84,583
	84,583

8. Interest payable and similar expenses

	For period ended 30 September 2017 £
Interest payable	31,004
	31,004

9. Tax on profit

	For period ended 30 September 2017 £
Corporation tax	
Current tax on profits for the period	**153,965**
	153,965
Total current tax	**153,965**
Deferred tax	
Origination and reversal of timing differences	**372,982**
Total deferred tax	**372,982**
Tax on profit	**526,947**

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19.5%. The differences are explained below:

	For period ended 30 September 2017 £
Profit before tax	**1,313,011**
Profit multiplied by standard rate of corporation tax in the UK of 19.5%	**256,037**
Effects of:	
Expenses not deductible for tax purposes	**270,910**
Total tax charge for the period	**526,947**

Factors that may affect future tax charges

Further reductions to the UK Corporation Tax rate were substantively enacted as part of the Finance Act 2016. These reduce the main rate of tax to 19% from 1 April 2017 and to 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

10. Intangible assets

	Intellectual property £
Cost	
Transfers from group undertakings	20,192
At 30 September 2017	20,192
Amortisation	
Charge for the period	20,192
At 30 September 2017	20,192
Net book value	
At 30 September 2017	-

11. Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
Transfers from group undertakings	3,003,254	2,356,571	2,923	128,830	5,491,578
Additions	6,775	61,143	-	20,132	88,050
Disposals	-	(415,363)	-	-	(415,363)
At 30 September 2017	3,010,029	2,002,351	2,923	148,962	5,164,265
Accumulated depreciation					
Charge for period	99,576	412,084	954	27,130	539,744
At 30 September 2017	99,576	412,084	954	27,130	539,744
Net book value					
At 30 September 2017	2,910,453	1,590,267	1,969	121,832	4,624,521

11. Tangible assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2017
	£
Freehold	2,910,453
	2,910,453

12. Investment properties

	£
Valuation	
Transfer from group undertakings	467,000
At 30 September 2017	467,000

The valuation were made by Michael Hannath MRICS on 13 March 2013. The properties have been valued on the basis of market value as defined under VS3.2 of the Red Book. These investment properties have been revalued by the directors on an open market basis at 30 September 2017.

13. Stocks

	2017
	£
Finished goods	669,789
	669,789

Notes to the Financial Statements
For the period ended 30 September 2017

14. Debtors

	2017
	£
Trade debtors	2,359,930
Amounts owed by related parties	826,830
Other taxation and social security	24,796
Prepayments and accrued income	227,414
Deferred tax asset	281,880
	3,720,850

Trade debtors are stated after impairment of £10,822.

Amounts owed by related parties are unsecured, interest free and repayable on demand.

15. Creditors: Amounts falling due within one year

	2017
	£
Trade creditors	1,660,110
Amounts owed to group undertakings	11,073,232
Amounts owed to related parties	147,015
Corporation tax payable	154,303
Other taxation and social security	50,029
Accruals and deferred income	290,030
	13,374,719

Amounts owed to group undertakings and related parties are unsecured, interest free and repayable on demand.

16. Deferred taxation

	2017
	£
Transfer from group undertakings	654,862
Charged to profit or loss	(372,982)
At end of year	**281,880**

16. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 £
Accelerated capital allowances	293,900
Short term timing differences	1,480
Tax losses carried forward	126,500
Gain on revaluation of properties	(140,000)
	281,880

17. Deferred income

	Government grant £
Transfer from group undertaking	185,163
Released in the period	(3,518)
At 30 September 2017	181,645

18. Called up share capital

	2017 £
Shares classified as equity	
Authorised, allotted, called up and fully paid	
1 Ordinary share of £1	1

During the year, 1 ordinary share was issued for cash. The nominal value of this share was £1 and the consideration received was £1.

19. Pension commitments

The company operates a defined contribution scheme for certain employees. There was no liability outstanding or prepaid contributions at the period end.

20. Related party transactions

The company has taken advantage of the exemptions contained under Section 33 of FRS 102, Related Party Disclosures paragraph 33.7, not to disclose related party transactions on the grounds that at 30 September 2017 it was wholly owned within the Linergy Group Limited group of companies.

21. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party, of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Linergy Group Limited.

Copies of the financial statements of Linergy Group Limited are available from the company secretary at the registered office, Granville Industrial Estate, Dungannon, Tyrone, BT70 1NJ.