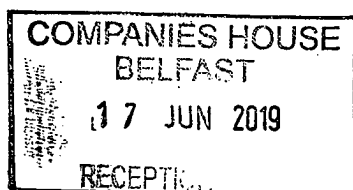


Registered number: NI641783

Linergy Limited

Annual report and financial statements

For the year ended 30 September 2018



Linergy Limited

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Linergy Limited

Company Information

Directors	F Arico J Best J G Dobson T Lockhart J McShane G Waugh
Company secretary	Jerome Grimes
Registered number	NI641783
Registered office	Granville Industrial Estate Dungannon Co Tyrone BT70 1NJ
Independent auditors	Deloitte (NI) Limited 19 Bedford Street Belfast BT2 7EJ
Bankers	Bank of Ireland Scotch Street Dungannon Co Tyrone BT70 1AR
Solicitors	Carson McDowell LLP Murray House Murray Street Belfast BT1 6DN

Linergy Limited

Strategic report For the year ended 30 September 2018

Introduction

The directors present their strategic report on the company for the year ended 30 September 2018.

Principal activities

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

In the prior period the company acquired the trade and assets of 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 £504,925 (2017: £786,064) and its net assets are £1,290,990 (2017: £786,065). No interim dividend was paid during the year (2017: £nil). The directors do not propose the payment of a final dividend (2017: £nil).

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 £13,567,495 (2017: £10,933,374).

Key performance indicators

The key performance indicators for the company are set out below:

	2018	2017
Turnover	£13,567,495	£10,933,374
Gross profit margin	57.6%	60.1%
Earnings before interest, tax, depreciation and amortisation	£1,189,862	£1,903,951
Employee numbers	49	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.

Linergy Limited

Strategic report (continued) For the year ended 30 September 2018

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

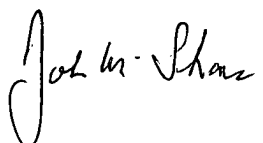
The company's strategy is to create shareholder value by investing for the long term and by positioning the company to be the leader in its chosen markets. The performance for the year under review reflects further sustained progress towards achieving this long term objective and at the same time maintaining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

The company expects that Brexit has the potential to negatively impact on the ongoing operations. Uncertainty surrounding future regulations and possible restrictions on cross border trading brings uncertainty to both current and future business streams as well as the wider market place. The company is constantly re-evaluating the impact of this as new information becomes available and is keeping abreast of developments as they happen.

This report was approved by the board on 26 March 2019 and signed on its behalf by:



J McShane

Director

C/O Granville Industrial Estate
Dungannon
Co Tyrone
BT70 1NJ

Linergy Limited

Directors' report For the year ended 30 September 2018

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 September 2018.

Future developments

Details of future developments can be found in the Strategic Report on p2 and form part of this report by cross-reference.

Dividends

No interim dividend was paid during the year (2017: £nil). The directors do not propose the payment of a final dividend (2017: £nil).

Financial risk management objectives and policies

The principal financial instruments comprise of 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 liquidity risk is managed through a tightly controlled cash management process. Daily current accounts 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.

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.

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.

Directors

The directors, who served throughout the year except as noted, and up to the date of signing the financial statements were:

Francesco Arico
John Alfred Best
James George Dobson
Trevor William Lockhart
John McShane
Gordon Waugh
Richard Alexander Glenn Moore (resigned 23rd October 2017)

Linergy Limited

Directors' report (continued) For the year ended 30 September 2018

Political contributions

No donations for political purposes were made during the period.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. 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 consultation

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.

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

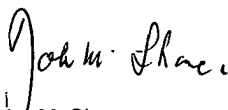
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006.

Deloitte (NI) Limited have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board on 26 March 2019 and signed on its behalf.:



John McShane
Director

C/O Granville Industrial Estate
Dungannon
Co Tyrone
BT70 1NJ

Linergy Limited

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 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.

Linergy Limited

Independent auditor's report to the members of Linergy Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Linergy Limited (the "Company"):

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Linergy Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Linergy Limited

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

Dawn Johnston

Dawn Johnston FCA (Senior Statutory Auditor)
for and on behalf of Deloitte (NI) Limited
Statutory Auditor
Belfast, United Kingdom
3 April 2019

Linergy Limited

Profit and loss account For the year ended 30 September 2018

	Note	2018 £	2017 £
Turnover	3	13,567,495	10,933,374
Cost of sales		(5,758,793)	(4,365,353)
Gross profit		7,808,702	6,568,021
Administrative expenses		(7,171,925)	(5,224,006)
Operating profit	4	636,777	1,344,015
Interest payable and similar expenses	7	(13,776)	(31,004)
Profit before tax		623,001	1,313,011
Tax on profit	8	(118,076)	(526,947)
Profit for the financial year		504,925	786,064
Retained earnings at the beginning of the year		786,064	-
Profit for the financial year		504,925	786,064
Retained earnings at the end of the year		1,290,989	786,064

All activities in the current and prior year have arisen from continuing operations.


There were no recognised gains and losses for 2018 and 2017 other than those included in the profit and loss account.

Linergy Limited

Balance sheet **As at 30 September 2018**

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	4,896,341	4,624,521
Investment properties	11	467,000	467,000
		<hr/>	<hr/>
Current assets		5,363,341	5,091,521
Inventories	12	614,323	669,789
Debtors	13	2,359,739	3,720,850
Cash at bank and in hand		3,606,645	4,860,269
		<hr/>	<hr/>
		6,580,707	9,250,908
Creditors: amounts falling due within one year	14	(10,466,536)	(13,374,719)
		<hr/>	<hr/>
Net current liabilities		(3,885,829)	(4,123,811)
		<hr/>	<hr/>
Total assets less current liabilities		1,477,512	967,710
		<hr/>	<hr/>
Provisions for liabilities			
Deferred income	16	(186,522)	(181,645)
		<hr/>	<hr/>
Net assets		1,290,990	786,065
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	1	1
Retained earnings		1,290,989	786,064
		<hr/>	<hr/>
Total shareholders' funds		1,290,990	786,065
		<hr/>	<hr/>

The financial statements of Linergy Limited (Registered number NI641783) were approved by the board of directors and authorised for issue by the board and were signed on its behalf on 26 March 2019.



John McShane
Director

The notes on pages 12 to 22 form part of these financial statements.

Lineryg Limited

Notes to the Financial Statements For the year ended 30 September 2018

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a. General information and basis of accounting

The company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Northern Ireland. The address of its registered office is Granville Industrial Estate, Dungannon, Co Tyrone, BT70 1NJ.

Lineryg Limited's ("the company") principal activity is the operation of rendering plants.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Linergy Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Lineryg Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Linergy Limited is consolidated in the financial statements of its parent, Linergy Group Limited, which may be obtained at their registered office, Granville Industrial Estate, Dungannon, Co Tyrone, BT70 1NJ. Exemptions have been taken in relation to financial instruments, related party transactions that are wholly owned with the same group, presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting.

c. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold property	25 years
Plant and machinery	1 – 10 years as appropriate
Motor Vehicles	2 – 4 years as appropriate
Fixtures and fittings	1 – 5 years as appropriate

Land is not depreciated.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

d. Investment properties

Investment properties are carried at fair value. External valuations are obtained as necessary 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 profit and loss account.

**Notes to the Financial Statements
For the year ended 30 September 2018**

1. Accounting policies (continued)

e. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the related contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

f. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Inventories are recognised as an expense in the period in which the related revenue is recognised.

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

Provision is made where necessary for obsolete, slow-moving and defective stocks.

Linergy Limited

Notes to the Financial Statements For the year ended 30 September 2018

1. Accounting policies (continued)

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

Current tax, including UK corporation tax and foreign 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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 Company'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.

**Notes to the Financial Statements
For the year ended 30 September 2018**

1. Accounting policies (continued)

h. Taxation (continued)

Unrelieved tax losses and other deferred tax assets are 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 using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

j. 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.

Linergy Limited

Notes to the Financial Statements For the year ended 30 September 2018

1. Accounting policies (continued)

k. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in profit or loss in the period.

l. Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors do not consider that any critical judgements have been made in the application of the company's accounting policies and no key sources of estimation uncertainty have been identified that have a significant risk of causing a material misstatement to the carrying amount of assets and liabilities within the next financial year.

3. Turnover

Turnover is attributable to one continuing activity or class of business, the operation of rendering plants. All turnover arose within the United Kingdom. No analysis of turnover and profit before tax is provided as the directors consider that such disclosure would be seriously prejudicial to the interests of the company.

Linergy Limited

Notes to the Financial Statements **For the year ended 30 September 2018**

4. Operating profit

Operating profit is stated after charging/(crediting):	2018	2017
	£	£
Depreciation of tangible fixed assets	564,698	539,744
Foreign currency losses	20,174	878
Deferred government grants released	(11,614)	(3,518)
Amortisation of intangible assets	-	20,192
Fees payable to the company's auditors for the audit of the company financial statements	5,390	8,400
(Profit)/Loss on disposal of tangible assets	(14,000)	407,863
Stock recognised as an expense	2,810,784	2,472,454
	<u>2,810,784</u>	<u>2,472,454</u>

5. Employees

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	1,754,076	1,070,892
Social security costs	181,906	110,618
Cost of defined contribution scheme	57,390	48,854
	<u>1,993,372</u>	<u>1,230,364</u>

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

	2018	2017
	No.	No.
Manufacturing	34	39
Selling and administration	15	13
	<u>49</u>	<u>52</u>

6. Directors remuneration and transactions

	2018	2017
	£	£
Directors' emoluments	84,187	84,583
	<u>84,187</u>	<u>84,583</u>

Linergy Limited

Notes to the Financial Statements For the year ended 30 September 2018

7. Interest payable and similar expenses

	2018	2017
	£	£
Bank interest payable	13,776	31,004
	<u>13,776</u>	<u>31,004</u>

8. Tax on profit

The tax charge comprises:

	2018	2017
	£	£
Current tax on profit		
UK corporation tax	1,028	153,965
Adjustment in respect of prior periods	5,276	-
Total current tax	<u>6,304</u>	<u>153,965</u>
Deferred tax		
Origination and reversal of timing differences	135,365	372,982
Adjustment in respect of prior periods	(9,343)	-
Effect of changes in tax rates	(14,250)	-
Total deferred tax (see note 15)	<u>111,772</u>	<u>372,982</u>
Total tax on profit	<u><u>118,076</u></u>	<u><u>526,947</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 – lower than) the standard rate of corporation tax in the UK of 19% (2017 – 19.5%). The differences are explained below:

	2018	2017
	£	£
Profit before tax	623,001	1,313,011
Profit multiplied by standard rate of corporation tax in the UK of 19 % (2017: 19.5%)	118,370	256,037
Effects of:		
Expenses not deductible for tax purposes	20,131	270,910
Income not taxable	(1,794)	-
Effects of group relief/other reliefs	(314)	-
Adjustment from previous periods	(4,067)	-
Tax rate changes	(14,250)	-
Total tax charge for the period	<u><u>118,076</u></u>	<u><u>526,947</u></u>

**Notes to the Financial Statements
For the year ended 30 September 2018**

8. Tax on profit (continued)

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 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

9. Intangible assets

	Total £
Cost	
At 1 October 2017 and 30 September 2018	20,192
Amortisation	
At 1 October 2017 and 30 September 2018	20,192
Net book value	
At 30 September 2018 and 30 September 2017	-

10. Tangible assets

	Land and buildings	Plant & machinery	Motor Vehicles	Fixtures and fittings	Total
	£	£	£		£
Cost or valuation					
At 1 October 2017	3,010,029	2,002,351	2,923	148,962	5,164,265
Additions	13,150	791,323	21,400	10,645	836,518
Disposals	-	(468,988)	-	-	(468,988)
At 30 September 2018	3,023,179	2,324,686	24,323	159,607	5,531,795
Accumulated depreciation					
At 1 October 2017	99,576	412,084	954	27,130	539,744
Charge for the year	148,693	370,850	3,821	41,334	564,698
Eliminated on disposal	-	(468,988)	-	-	(468,988)
At 30 September 2018	248,269	313,946	4,775	68,464	635,454
Net book value					
At 30 September 2018	2,774,910	2,010,740	19,548	91,143	4,896,341
At 30 September 2017	2,910,453	1,590,267	1,969	121,832	4,624,521

Linergy Limited

Notes to the Financial Statements For the year ended 30 September 2018

10. Tangible assets (continued)

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

	2018 £	2017 £
Freehold	2,774,910	2,910,453
	<u>2,774,910</u>	<u>2,910,453</u>

11. Investment properties

	2018 £	2017 £
Valuation		
Transfer from group undertakings	467,000	467,000
	<u>467,000</u>	<u>467,000</u>

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 2018.

12. Stocks

	2018 £	2017 £
Finished goods	614,323	669,789
	<u>614,323</u>	<u>669,789</u>

13. Debtors

	2018 £	2017 £
Trade debtors	1,370,881	2,359,930
Amounts owed by related parties	636,196	826,830
Other taxation and social security	15,537	24,796
Prepayments and accrued income	147,947	227,414
Corporation tax	19,072	-
Deferred tax asset	170,106	281,880
	<u>2,359,739</u>	<u>3,720,850</u>

Trade debtors are stated after impairment of £8,791 (2017: £10,822).

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

Linergy Limited

Notes to the Financial Statements For the year ended 30 September 2018

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	705,475	1,660,110
Amounts owed to group undertakings	9,561,905	11,073,232
Amounts owed to related parties	48,854	147,015
Corporation tax payable	-	154,303
Other taxation and social security	54,061	50,029
Accruals and deferred income	96,241	290,030
	<u>10,466,536</u>	<u>13,374,719</u>

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

15. Deferred tax

	2018 £	2017 £
At beginning of year	281,880	-
Adjustment in respect of prior periods	9,343	-
Transferred from group undertakings	-	654,862
Charged to the profit and loss account	(121,117)	(372,982)
At end of year	<u>170,106</u>	<u>281,880</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	232,184	293,900
Short term timing differences	893	1,480
Tax losses carried forward	77,029	126,500
Gain on revaluation of properties	(140,000)	(140,000)
	<u>170,106</u>	<u>281,880</u>

16. Deferred income

	2018 £	2017 £
Government grant		
At beginning of period	181,645	-
Transfer from group undertaking	-	185,163
Grants received during the period	16,491	-
Released in the period	(11,614)	(3,518)
At 30 September 2018	<u>186,522</u>	<u>181,645</u>

Linergy Limited

Notes to the Financial Statements For the year ended 30 September 2018

17. Called up share capital

	2018	2017
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
1 (2017:1) ordinary share of £1 each	<u>1</u>	<u>1</u>

18. Pension commitments

The company operates a group defined contribution retirement benefit scheme for certain employees. The total expense charged to profit or loss in the year ended 30 September 2018 was £57,390 (2017: £48,854). There was a liability outstanding of £8,133 (2017: £nil) and no prepaid contributions at year-end (2017: £nil).

19. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 September 2018 it was wholly owned within the Linergy Group Limited group of companies.

20. 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, Co Tyrone, BT70 1NJ.