Grant Thornton

Financial Statements
Agrivert (Ardley) Limited

For the year ended 31 December 2011



Registered number: 05807721

Company Information

Directors	R B A Maddan R J Hunt
Company secretary	R J Hunt
Company number	05807721
Registered office	The Stables Radford CHIPPING NORTON Oxfordshire OX7 4EB
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South OXFORD OX4 2WB

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

Directors' report

For the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activities

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

Directors

The directors who served during the year were

R B A Maddan
R J Hunt

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Provision of information to auditor

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

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

Directors' report

For the year ended 31 December 2011

Auditor

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

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

This report was approved by the board on 27 March 2012 and signed on its behalf

R J Hunt
Secretary

Grant Thornton

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

We have audited the financial statements of Agrivert (Ardley) Limited for the year ended 31 December 2011, which comprise the Profit and loss account, the Balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

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

24 March 2012

Profit and loss account

For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	1,2	**1,266,278**	1,118,441
Cost of sales		**(1,222,973)**	(807,827)
Gross profit		**43,305**	310,614
Other operating income	3	**146,467**	151,672
Operating profit	4	**189,772**	462,286
Interest receivable and similar income		**114**	-
Interest payable and similar charges		**(122,721)**	(114,781)
Profit on ordinary activities before taxation		**67,165**	347,505
Tax on profit on ordinary activities	5	**(85,049)**	(10,243)
(Loss)/profit for the financial year		**(17,884)**	337,262

The notes on pages 7 to 14 form part of these financial statements

Agrivert (Ardley) Limited
Registered number: 05807721

Balance sheet

As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	6		**4,267,502**		4,533,287
Current assets					
Debtors	7	**310,115**		368,539	
Cash at bank		**966,298**		554,311	
		1,276,413		922,850	
Creditors. amounts falling due within one year	8	**(426,998)**		(162,953)	
Net current assets			**849,415**		759,897
Total assets less current liabilities			**5,116,917**		5,293,184
Creditors amounts falling due after more than one year	9		**(3,272,143)**		(3,487,361)
Provisions for liabilities					
Deferred tax	10		**(184,350)**		(99,301)
Accruals and deferred income	11		**(686,632)**		(664,846)
Net assets			**973,792**		1,041,676
Capital and reserves					
Called up share capital	13		**893,638**		893,638
Profit and loss account	14		**80,154**		148,038
Shareholders' funds			**973,792**		1,041,676

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

The financial statements were approved by the directors and authorised for issue on 27/3/12 and were signed on their behalf by

R J Hunt
Director

The notes on pages 7 to 14 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies

1 1 Basis of preparation of financial statements

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

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

1.2 Cash flow

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

1.3 Turnover

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

This relates to the fees for the processing of waste for the principal customer, which are recognised in relation to the tonnage of waste processed

The company is party to certain contracts where it acts as an agent for other subsidiary undertakings of Agrivert Group Limited In these circumstances the company does not recognise the amounts billed as turnover in the financial statements, only recognising any margin which it generates on those contracts The amount billed by the company for the year ended 31 December 2011 on contracts where it acts as agent was £1,018,043

1 4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as set out below The company has accounted for the single assets of an in-vessel composting facility under the overhauls model, whereby certain parts requiring regular replacement are depreciated over a shorter period than the remainder of the facility

Plant & machinery	-	5 - 20 years straight line

1 5 Operating leases

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

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies (continued)

1.6 Deferred taxation

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

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

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

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.8 Government grants

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

1 9 Financial instruments

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

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

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

2. Turnover

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

Notes to the financial statements

For the year ended 31 December 2011

3. Other operating income

	2011	2010
	£	£
Government grants receivable	**146,467**	151,672

4. Operating profit

The operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of tangible fixed assets		
- owned by the company	**304,942**	295,940
Auditors' remuneration	**5,000**	5,000
Auditors' remuneration - non-audit	**1,000**	1,750
Operating lease costs - plant	**63,953**	50,000
Profit on disposal of fixed assets	**-**	(1,455)
Amortisation of government grants	**(146,467)**	(151,672)

During the year, no director received any emoluments (2010 - £NIL) Directors remuneration is borne by Agrivert Limited, being the parent company of Agrivert Composting Limited, being the parent company of Agrivert (Ardley) Limited

5. Taxation

	2011	2010
	£	£
Analysis of tax charge in the year		
Deferred tax		
Origination and reversal of timing differences	**92,405**	10,243
Effect of decreased tax rate on opening liability	**(7,356)**	-
Total deferred tax (see note 10)	**85,049**	10,243
Tax on profit on ordinary activities	**85,049**	10,243

Notes to the financial statements

For the year ended 31 December 2011

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26 49% (2010 - 28%) The differences are explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	**67,165**	347,505
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 49% (2010 - 28%)	**17,794**	97,301
Effects of		
Expenses not deductible for tax purposes	**8,264**	-
Capital allowances for year in excess of depreciation	**(74,006)**	(103,076)
Non-taxable income	**(37,744)**	(61,361)
Group relief	**85,692**	67,136
Current tax charge for the year (see note above)	**-**	-

6. Tangible fixed assets

	Plant & machinery
	£
Cost	
At 1 January 2011	**4,829,227**
Additions	**39,157**
At 31 December 2011	**4,868,384**
Depreciation	
At 1 January 2011	**295,940**
Charge for the year	**304,942**
At 31 December 2011	**600,882**
Net book value	
At 31 December 2011	**4,267,502**
At 31 December 2010	4,533,287

Notes to the financial statements

For the year ended 31 December 2011

7. Debtors

	2011	2010
	£	£
Trade debtors	**176,186**	161,922
Amounts owed by group undertakings	**362**	120,512
Other debtors	**133,567**	86,105
	310,115	368,539

8. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Bank loans	**215,218**	52,639
Trade creditors	**49,743**	22,467
Amounts owed to group undertakings	**118,656**	39,373
Social security and other taxes	**43,381**	48,474
	426,998	162,953

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

	2011	2010
	£	£
Bank loans	**3,272,143**	3,487,361

The bank loan is secured by a fixed and floating charge over all the assets of the company, as well as a first ranking legal charge over the lease on the land on which the in-vessell composting ("IVC") plant is situated near Ardley, Oxfordshire Interest is payable at the higher of 3 5% or the base rate plus a margin, being 2% or 2 5%, depending on specific circumstances Agrivert Limited (being the parent company of Agrivert Composting Limited, being Agrivert (Ardley) Limited's immediate parent company) has also guaranteed 10% of the loan balance, until certain conditions are met

10. Deferred taxation

	2011	2010
	£	£
At beginning of year	**99,301**	89,058
Charge for year	**85,049**	10,243
At end of year	**184,350**	99,301

Notes to the financial statements

For the year ended 31 December 2011

10. Deferred taxation (continued)

The provision for deferred taxation is made up as follows

	2011	2010
	£	£
Accelerated capital allowances	**184,350**	99,301

11. Accruals and deferred income

	2011	2010
	£	£
Accruals and deferred income	**226,409**	58,156
Government grants (note 12)	**460,223**	606,690
	686,632	664,846

12. Government grants

	2011	2010
	£	£
Net balance brought forward	**606,690**	223,666
Received during the year	**-**	534,696
Released to the profit and loss account (note 3)	**(146,467)**	(151,672)
	460,223	606,690

The grant represents amounts received from the Waste & Resources Action Programme ("WRAP") in relation to the construction and operation of the in-vessel composting plant near Ardley, Oxfordshire

13. Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
893,638 Ordinary shares of £1 each	**893,638**	893,638

Notes to the financial statements

For the year ended 31 December 2011

14. Reserves

	Profit and loss account £
At 1 January 2011	148,038
Loss for the year	(17,884)
Dividends Equity capital	(50,000)
At 31 December 2011	80,154

15. Dividends

	2011 £	2010 £
Dividends paid on equity capital	50,000	100,000

16. Contingent liabilities

There were no contingent liabilities as at 31 December 2011 or 31 December 2010

17. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2011 or 31 December 2010

18. Operating lease commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	2011 £	2010 £
Expiry date:		
After more than 5 years	58,000	50,000

The commitment disclosed above is in relation to the rental of the site at Ardley, at which the in-vessel composting plant is situated Part of the charge is fixed at £5,000 per annum, whilst the rest is a proportion of turnover per annum The variable portion however has a fixed minimum rent which increases slightly each year in the first ten years, and the above commitment is the average of the fixed minimum rent

Notes to the financial statements

For the year ended 31 December 2011

19. Related party transactions

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

20. Controlling party

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