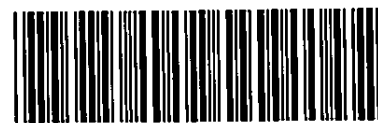


Registered Number: 2133865

HENSBY COMPOSTS LIMITED

**DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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HENSBY COMPOSTS LIMITED

COMPANY INFORMATION

DIRECTORS	P A Rackham P A Rackham Jnr S R Stuteley
SECRETARY	S R Stuteley
COMPANY NUMBER	2133865
REGISTERED OFFICE	Manor Farm Bridgham Norfolk NR16 2RX
AUDITORS	Peters Elworthy & Moore Chartered Accountants and Statutory Auditors Cambridge United Kingdom
BANKERS	Lloyds TSB Bank Plc

HENSBY COMPOSTS LIMITED
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HENSBY COMPOSTS LIMITED

DIRECTORS' REPORT For the year ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009. This report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records which 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is to acquire and improve brownfield sites through remediation and planning. The current site owned by the company is on a long term lease.

The turnover is derived from a lease on the company's sole property.

The financial instruments of the company principally comprise short-term debtors and creditors. The company does not trade in financial instruments and neither uses, nor trades, in derivative financial instruments.

Surplus cash funds have been loaned to the parent company at a commercial interest rate.

As at 31 December 2009 and 31 December 2008 the freehold property of the company was used as security for borrowings undertaken by itself. The property is also charged as security for the parent company's loan facility.

HENSBY COMPOSTS LIMITED

DIRECTORS' REPORT **For the year ended 31 December 2009**

RESULTS & DIVIDENDS

The profit for the year, after taxation, amounted to £245,355 (2008 - Profit £204,030)

A dividend of £450,000 (2008 - £135,000) was paid during the year

DIRECTORS

The directors who served throughout the year were

P A Rackham
P A Rackham Jnr
S R Stuteley

AUDITORS

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. A resolution to authorise the Directors to determine the auditors' remuneration will be proposed at the forthcoming Annual General Meeting.


Disclosure of information to auditors

In the case of each of the persons who are Directors of the Company at the date when this report was approved

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors
And signed on behalf of the Board



S R Stuteley
Director

25/03/2010

HENSBY COMPOSTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENSBY COMPOSTS
LIMITED

We have audited the financial statements of Hensby Composts Limited for the year ended 31 December 2009 Which comprise the profit and loss account and the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 Auditors' Report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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

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



Roger Guthrie (Senior statutory auditor)

for and on behalf of

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditor

Salisbury House
Station Road
Cambridge
CB1 2LA

Date 25 March 2010

HENSBY COMPOSTS LIMITED
PROFIT & LOSS ACCOUNT
For the year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	1	266,297	251,646
Cost of sales		-	-
GROSS PROFIT		<u>266,297</u>	<u>251,646</u>
Administrative expenses		<u>(25,380)</u>	<u>(26,500)</u>
OPERATING PROFIT	2	240,917	225,146
Interest receivable	4	19,037	24,464
Interest payable	5	<u>(14,599)</u>	<u>(66,102)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		245,355	183,508
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>-</u>	<u>20,522</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u>245,355</u>	<u>204,030</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account

The notes on pages 10 to 17 form part of these financial statements

HENSBY COMPOSTS LIMITED

BALANCE SHEET As at 31 December 2009

REGISTERED NUMBER
2133865

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	8	<u>2,962,000</u>	<u>2,962,000</u>
		2,962,000	2,962,000
CURRENT ASSETS			
Stock		-	450
Debtors due within one year	9	151,741	527,391
Debtors due after more than one year	9	55,219	71,719
Cash at bank and in hand		<u>552</u>	<u>3,853</u>
		207,512	603,413
CREDITORS: amounts falling due within one year	10	<u>(286,326)</u>	<u>(264,554)</u>
NET CURRENT ASSETS		<u>(78,814)</u>	<u>338,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		2,883,186	3,300,859
CREDITORS: amounts falling due after more than one year	11	<u>(638,580)</u>	<u>(851,608)</u>
NET ASSETS		<u>2,244,606</u>	<u>2,449,251</u>
CAPITAL AND RESERVES			
Called up share capital	12	90,000	90,000
Share premium account		10,000	10,000
Revaluation reserve		2,104,418	2,104,418
Profit and loss account	13	<u>40,188</u>	<u>244,833</u>
SHAREHOLDERS' FUNDS	14	<u>2,244,606</u>	<u>2,449,251</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

The financial statements were approved by the board on 25/03/2010 and signed on its behalf

S R Stuteley
Director

The notes on pages 10 to 17 form part of these financial statements

HENSBY COMPOSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with applicable United Kingdom accounting standards

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1

1.3 Turnover

Turnover comprises of property rental and goods and services, which fall within the company's ordinary activities, exclusive of Value Added Tax. All turnover arose from within the United Kingdom. The directors consider there to be one business segment for reporting purposes, as the company conducts one business activity, being the sale and rental of properties

1.4 Tangible fixed assets and depreciation

Investment properties are revalued annually in accordance with SSAP 19 and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties

The Companies Act 2006 ("The Act") requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principal set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.5 Taxation

UK corporation 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.

Provision for deferred taxation is made in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

1.5 Leases

Rentals received under leases are recorded according to the terms of the lease.

HENSBY COMPOSTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

2. OPERATING PROFIT

The operating profit is stated after charging

	2009 £	2008 £
Auditors' remuneration - Fees payable to the company's auditors for the audit of the company's annual accounts	<u>3,000</u>	<u>2,500</u>

3. STAFF COSTS

Staff costs including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	<u>-</u>	<u>-</u>

During the year, no director received any emoluments from the company in respect of their services to the company (2008 - £nil)

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

	2009	2008
Directors	<u>3</u>	<u>3</u>

4. INTEREST RECEIVABLE

	2009 £	2008 £
Interest receivable from group companies	19,030	24,377
Other interest receivable	<u>7</u>	<u>87</u>
	<u>19,037</u>	<u>24,464</u>

5. INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	<u>14,599</u>	<u>66,102</u>
	<u>14,599</u>	<u>66,102</u>

HENSBY COMPOSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

6. TAXATION

	2009 £	2008 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	-	-
Prior year adjustment	-	(20,522)
Tax on profit on ordinary activities	<u>-</u>	<u>(20,522)</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (28%) The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	<u>245,355</u>	<u>183,508</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 28% (2008 28%)	68,699	51,382
Effects of:		
Origination and reversal of timing differences	-	(6,745)
Group relief claimed for nil consideration	(64,024)	(44,637)
Industrial Buildings Allowance	(4,675)	-
Prior year adjustment	-	(20,522)
Current tax charge for year (see note above)	<u>-</u>	<u>(20,522)</u>

HENSBY COMPOSTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

7. DIVIDENDS

	2009 £	2008 £
On equity shares		
Total dividends paid at £5 per share (2008 - £1 50)	<u>450,000</u>	<u>135,000</u>

8. TANGIBLE FIXED ASSETS

	Investment properties £
Valuation	
At 1 January 2008 and 31 December 2009	<u>2,962,000</u>
Depreciation	
At 1 January 2008 and 31 December 2009	<u>-</u>
Net book value	
At 31 December 2009	<u>2,962,000</u>
At 31 December 2008	<u>2,962,000</u>

Valuation at 31 December 2009 is as follows

The company's investment property was valued at open market by Savills (L&P) Ltd, independent external valuers, as at 7 May 2005 at market value of £2,962,000 in accordance with the Appraisal and Valuation Standards (5th Edition) issued by the Royal Institute of Chartered Surveyors as subsequently amended (the Red Book). The directors do not consider that the value at 31 December 2009 would have been materially different. The historical cost of property at 31 December 2009 was £857,582 (2008 £857,582).

No deferred tax has been recognised on gains that would arise if the property was sold without any rollover relief being obtained. The tax which would be payable in such circumstances is estimated to be £398,263 (2008 £408,383).

HENSBY COMPOSTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

9. DEBTORS

	2009 £	2008 £
Due after more than one year		
Finance lease receivables	<u>55,219</u>	<u>71,719</u>
Due within one year		
Trade debtors	87,360	77,079
Amounts owed by group undertakings	47,844	433,712
Finance lease receivables	16,500	16,500
Prepayments and accrued income	37	100
	<u>151,741</u>	<u>527,391</u>
	<u>206,960</u>	<u>599,110</u>

10. CREDITORS

Amounts falling due within one year

	2009 £	2008 £
Bank loans (secured)	204,064	190,647
Social security and other taxes	11,395	9,634
Accruals and deferred income	70,865	64,271
Amounts owed to group undertakings	<u>2</u>	<u>2</u>
	<u>286,326</u>	<u>264,554</u>

HENSBY COMPOSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

11. CREDITORS

Amounts falling due after more than one year

	2009 £	2008 £
Bank loans (secured)	<u>638,580</u>	<u>851,608</u>

Borrowings are repayable as follows

	2009 £	2008 £
Bank loans		
Between one and two years	204,064	195,413
Between two and five years	434,516	616,044
Over five years	-	40,151
	<u>638,580</u>	<u>851,608</u>
On demand or within one year	204,064	190,647
	<u>842,644</u>	<u>1,042,255</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2009 £	2008 £
Repayable by instalments	<u>-</u>	<u>40,151</u>

The bank loan is repayable by quarterly instalments and interest is charged at 1% above base rate
The bank loan is secured on the freehold property of the company The parent company, Property Recycling Group plc, has provided a cross- guarantee against the loan

HENSBY COMPOSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

12. SHARE CAPITAL

	2009	2008
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
90,000 Ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>

13. RESERVES

Profit and loss account	£
At 1 January 2009	244,833
Profit retained for the year	245,355
Dividends paid (note 7)	<u>(450,000)</u>
At 31 December 2009	<u>40,188</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Profit for the year	245,355	204,030
Dividends paid (note 7)	<u>(450,000)</u>	<u>(135,000)</u>
Net increase/(reduction) in shareholders' funds	<u>(204,645)</u>	<u>69,030</u>
Opening shareholders' funds	<u>2,449,251</u>	<u>2,380,221</u>
Closing shareholders' funds	<u>2,244,606</u>	<u>2,449,251</u>

HENSBY COMPOSTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of the Financial Reporting Standard 8 not to disclose related party transactions with fellow group companies

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a fully owned subsidiary of Property Recycling Group plc, a company registered in England and Wales. The immediate and ultimate controlling party of Hensby Composts Limited, is Property Recycling Group plc. Copies of the group financial statements of Property Recycling Group plc are available from the Registered Office at Manor Farm, Bridgham, Norwich, NR16 2RX.

HENSBY COMPOSTS LIMITED

The additional information on pages 19 to 21 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

HENSBY COMPOSTS LIMITED
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

	Page	2009 £	2008 £
TURNOVER	20	266,297	251,646
Dividends received from UK subsidiary		-	-
Cost of sales		-	-
Gross Profit		<u>266,297</u>	<u>251,646</u>
Less: OVERHEADS			
Administrative expenses	20	(25,380)	(26,500)
OPERATING PROFIT		<u>240,917</u>	<u>225,146</u>
Interest receivable	21	19,037	24,464
Interest payable	21	<u>(14,599)</u>	<u>(66,102)</u>
PROFIT FOR THE YEAR		<u>245,355</u>	<u>183,508</u>

HENSBY COMPOSTS LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS

For the year ended 31 December 2009

	2009	2008
	£	£
TURNOVER		
Rent receivable - UK	<u>266,297</u>	<u>251,646</u>
COST OF SALES		
	2009	2008
	£	£
Opening stocks	-	-
Purchases	-	450
Closing stocks	<u>-</u>	<u>(450)</u>
	<u>-</u>	<u>-</u>
	2009	2008
	£	£
ADMINISTRATIVE EXPENSES		
Staff salaries	-	(610)
Site costs	-	381
Waste management licence	-	(1,415)
Management charge	20,000	20,000
Legal and professional	2,233	4,794
Auditors' remuneration	3,000	2,500
Investment written off	-	-
Bank charges	7	11
Bad debts	-	-
Light and heat	-	-
Insurances	110	809
Sundry expenses	30	30
	<u>25,380</u>	<u>26,500</u>

HENSBY COMPOSTS LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
For the year ended 31 December 2009

	2009 £	2008 £
INTEREST RECEIVABLE		
Bank interest receivable	7	85
Other interest receivable	-	2
Group interest receivable	19,030	24,377
	<hr/> 19,037	<hr/> 24,464
	2009 £	2008 £
INTEREST PAYABLE		
Bank loan interest payable	14,599	66,102
	<hr/> 14,599	<hr/> 66,102