AMP Biomass Fuel Ltd

Annual Report and Financial Statements

For the year ended 31 March 2020

Registration Number: 05735950

19/7/21

0126

Contents

Company Information

Directors		
	Mark Appleton	(resigned on 2 June 2020)
	Bruno Berardelli	(appointed on 22 May 2020)
	Richard Burrell	
	Phil Craggs	(resigned on 23 May 2020)
	Wayne Fisher	(resigned on 9 June 2020)
	Rudolf Grabowski	(appointed on 27 July 2020)
	Roger Pearson	(resigned on 31 May 2021)
	Mark Tarry	
	Anthony Vick	(resigned on 23 May 2020)
	Daniel Vigario	(resigned on 12 December 2019)
Company Secretary		
	Lauren Paton	(resigned on 12 May 2020)

Registered Office

3rd Floor
1 Dover Street
London
W1S 4LD

Bankers

National Westminster Bank
135 Bishopgate
London
EC2M 3UR

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Strategic Report

This Directors presents their report and financial statements for the year ending 31 March 2020 for AMP Biomass Fuel Ltd ('the Company'). The Company is a private entity limited by shares with an ultimate parent company that delisted from the Alternative Investment Market in January 2020.

Principal activity

The principal activity of the Company is the preparation and delivery of wood fuel and the servicing and maintenance of biomass boilers.

Business review and results

Company revenues for the year were £32,082k (2019: £35,248k) and gross loss was £1,020k (2019 restated gross profit: £600k). The loss before tax for the year was £7,813k (2019 restated: £7,586k). The business will look to continue its organic growth and to become a market leader in wood fuel sales.

The Company has started a program of rationalisation of operations to reduce ongoing costs

Prior year restatement

It was identified the adjustment to correct Inventory, at 31 March 2018 had been incorrectly processed, and led to an understatement of inventory at 31 March 2018 by £515,344. The impact of this correction reduces retained loss brought forward at 01 April 2018 by £515,344, and increases the loss recognised for the year ended 31 March 2019 by £515,344. A third balance sheet has been included. .Two prior-period adjustments have been identified and are disclosed in note 22.

Loan Capitalisation

On 31 March 2020, intercompany loans of £12,598,551 were converted to shares, as per note 19.

Principal risks and uncertainties

The principal risks of the business are documented below:

Risk	Mitigation Procedure
Staff retention risk	Contractual minimum notice periods for key staff sufficient to ensure time for recruitment/handover. The Company has a dedicated Human Resource function to ensure that the Company objectives and performance is managed effectively at an individual level whilst at the same time ensuring that the wellbeing of staff is maintained to the highest level, consistent with the size of the business.
Feedstock price risk	The Company will monitor prices and establish a policy for hedging exposures including managing merchant risk, including the development of a wood fuel supply model as a natural hedge against increasing biomass fuel prices. The Company will establish supply contracts to minimise exposure where these are available at a reasonable price.
Exchange rate risk	The Company will consider forward buying of exchange rate instruments to protect its downside risk on importing fuels from abroad.
Environment	Industrial sites have potential exposure to environmental and Health and Safety issues.
Agency / Health and Safety risks	Health and Safety risk assessment has been undertaken, and relevant policies are in place. Health and Safety review is given priority at management meetings and Board Meetings. Staff training is provided as appropriate.

Strategic Report *(continued)*

Risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Market price risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment it has entered into with the Company. The Company is mainly exposed to credit risk from credit sales. At 31 March 2020 the Company had trade receivables of £4,753k (2019: £7,660k).

The Company attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering into contracts with customers with agreed credit terms as well as monitoring the trade receivables balances outstanding regularly and at the reporting date do not expect any losses from non-performance by counterparties. Credit risk also arises from cash and cash equivalents with amounts held by banks. At the reporting date the Group's financial assets exposed to credit risk are as follows:

	31 Mar 2020	**31 Mar 2019**
	£'000	£'000
Cash balances	123	222
Trade and other receivables	4,927	7,911
	5,050	**8,133**

At year end, a provision of £375k was made for bad and doubtful debts to cover the potential impacts of COVID-19.

Strategic Report *(continued)*

Liquidity risk

Liquidity risk arises from the management of working capital and the finance charges and principal repayments on its debt instruments.

Management's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Management also prepares 12 month cash flow projections as well as information regarding cash balances on a daily basis.

At the end of the financial year, these projections indicated that the Company expected to have access to sufficient liquid resources to meet its obligations under all reasonably expected circumstances, for a period of at least one year from the date these financial statements were signed.

Market price risk

The business has exposure to the movement in the underlying price of fibre. Where possible the fuel business seeks to manage this exposure with contractual arrangements which enables it to minimise this risk. A 1% increase (decrease) in the spot price of fibre would result in an immaterial decrease (increase) in EBITDA margin, as the majority of fibre purchases are at a contracted price and any spot price increase can be passed onto to spot price customers.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Directors of the Company.

Future Development

There are no significant changes planned.

Approval

This Strategic Report was approved by order of the Board

DocuSigned by:
Richard Burrell
1A54AB323FE74B8

Richard Burrell
Date: 14th July 2021

Directors' Report

Directors

The following Directors held office during the year:

Mark Appleton	(resigned on 2 June 2020)
Bruno Berardelli	(appointed on 22 May 2020)
Richard Burrell	
Phil Craggs	(resigned on 23 May 2020)
Wayne Fisher	(resigned on 9 June 2020)
Rudolf Grabowski	(appointed on 27 July 2020)
Roger Pearson	(resigned on 31 May 2021)
Mark Tarry	
Anthony Vick	(resigned on 23 May 2020)
Daniel Vigario	(resigned on 12 December 2019)

Dividends

No dividends were paid to the shareholders on 31 March 2020 (2019: - £nil).

Post balance sheet events

There have been no events subsequent to the balance sheet date that would be considered to have a material impact on the Company's results as at 31 March 2020.

Going concern

After reviewing the Company's operation, financial position and short and long term cash flow forecasts, the Directors have a reasonable expectation that the company has adequate resources to continue operating and meet its financial obligations for a period of at least one year from the date these financial statements were signed. In this assessment, it is to be noted that the parent company will capitalise any unpaid loans outstanding at 31 March 2021.

On 11 March 2020, the World Health Organisation officially declared a global health pandemic due to the spread of the COVID-19 virus. As part of the going concern assessment, the Directors performed a broad assessment on the future cash flows of the Company. After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least one year from the date that these financial statements were signed. The Company has considerable financial resources and no external debt.

While COVID-19 continues to cause significant economic uncertainty, the Directors have fully considered its impact on the Company and do not believe that it has material impact on the Company's cashflow's. The impacts of COVID-19 are considered to be immaterial and the financial statements do not include adjustments as a result of this event. For this reason, the Company has adopted the going concern basis in preparing the annual report and financial statements

Auditors

All of the Directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Company's auditor is unaware.
The directors will look to appoint auditors at the next Board Meeting..

Approval

This Directors' Report was approved by order of the Board

DocuSigned by:
Richard Burrell
1A54AB323FE74B8
Richard Burrell
Date: 14th July 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF AMP BIOMASS FUEL LIMITED

Opinion
We have audited the financial statements of AMP Biomass Fuel Limited ("the Company") for the year ended 31 March 2020 which comprise The Statement of Comprehensive Income, The Statement of Financial Position, The Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss 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.

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

- 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.

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 this regard.

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

Matters on which we are required to report by exception
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 material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors
As explained more fully in the Statement of Directors Responsibilities, 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 have 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

DocuSigned by:
Matt Crane
1CD7395FE716464

Matt Crane (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
14th July 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £	2019 Restated £
Revenue	3	32,082,248	35,248,292
Cost of sales		(33,102,524)	(34,648,243)
Gross (loss)/profit		**(1,020,276)**	**600,049**
Other operating income	4	116,966	60,607
Administrative expenses		(5,808,541)	(7,348,571)
Impairment of intangibles		-	(268,510)
Restructuring provision	18	(457,279)	173,632
Total Administrative costs		(6,265,820)	(7,443,449)
Loss from operations	5	**(7,169,130)**	**(6,782,793)**
Finance expense	7	(643,370)	(803,321)
Loss before tax		**(7,812,500)**	**(7,586,114)**
Tax charge	8	-	(116,240)
Loss for the year		**(7,812,500)**	**(7,702,354)**

All amounts relate to continuing operations.

The Company has no other comprehensive income in 2020 or 2019.

The notes on pages 13 to 29 form part of these financial statements.

Statement of Financial Position

As at 31 March 2020

	Note	2020 £	2019 Restated £
Non-current assets			
Tangible fixed assets	9	4,076,318	3,458,969
Intangible assets	10	609,092	705,063
		4,685,410	4,164,032
Current assets			
Inventories	11	1,988,887	-
Trade and other receivables	12	4,927,168	8,092,999
Cash and cash equivalents	13	122,532	222,399
		7,038,587	8,315,398
Creditors: amounts falling due within one year			
Trade and other payables	14	7,109,567	6,926,649
Loans and borrowings	15	3,524,408	5,268,500
Deferred Consideration		69,385	69,385
Provisions	18	457,279	6,000
		11,160,639	**12,270,534**
Creditors: amounts falling due after more than one year	16	7,680,810	12,112,399
Net Liabilities		**(7,117,452)**	**(11,903,503)**
Equity attributable to equity shareholders of the parent company			
Paid up share capital	19	414,586	288,600
Share premium	19	12,472,565	-
Merger reserve		718,272	718,272
Retained deficit		(20,722,875)	(12,910,375)
Total equity		**(7,117,452)**	**(11,903,503)**

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:
Richard Burrell
1A54AB323FE7438
Richard Burrell
Date:
14th July 2021
The notes on pages 13 to 29 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2020

	Share Capital	Share Premium	Retained Deficit	Merger	Total
	£	£	£	£	£
Equity as at 1 April 2018 (previously stated)	288,600	-	(5,723,365)	718,272	(4,716,493)
Prior Year Adjustment	-	-	515,344	-	515,344
Restated Equity at 1 April 2018	288,600	-	(5,208,021)	718,272	(4,201,149)
Loss for the period	-	-	(7,702,354)	-	(7,702,354)
Total comprehensive loss	-	-	(7,702,354)	-	(7,702,354)
Year ended 31 March 2019 (restated)	**288,600**	-	**(12,910,375)**	**718,272**	**(11,903,503)**

	Share Capital	Share Premium	Retained Deficit (Re-stated*)	Merger	Total
	£	£	£	£	£
Equity as at 1 April 2019 (as restated)	*288,600*	-	*(12,910,375)*	*718,272*	*(11,903,503)*
Loss for the period	-	-	(7,812,500)	-	(7,812,500)
Total comprehensive loss	-	-	(7,812,500)	-	(7,812,500)
Shares to be issued	125,986	12,472,565	-	-	12,598,551
Year ended 31 March 2020	**414,586**	**12,472,565**	**(20,722,875)**	**718,272**	**(7,117,452)**

* Refer to Note 22 for details of re-statement

Share capital: Nominal value of shares issued

Share premium: Amount subscribed for share capital in excess of the nominal value.

Retained deficit: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Merger reserve: Being the result of merging the businesses of Midlands Wood Fuel Limited and PEL (Fuels) Limited into the Company during prior years.

Notes to the financial statements for the year ended 31 March 2020

1. Accounting policies

1.1 Basis of preparation

AMP Biomass Fuel Limited ('the Company') is a company incorporated in England & Wales under the Companies Act. The Company is limited by shares and the address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Strategic and Directors' reports.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies.

The Company's financial position and performance is included in the consolidated financial statements of Fossa Holdco Limited and is therefore considered to be a qualifying entity under FRS 102. In preparing the separate financial statements of the Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included in the totals for the group as a whole;
- Disclosures in respect of financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for related party transactions as these have been provided in respect of the group as a whole.

1.2 Going concern

After reviewing the Company's operation, financial position and short and long term cash flow forecasts, the Directors have a reasonable expectation that the company has adequate resources to continue operating and meet its financial obligations. The parent company capitalised loans of £5.55m at 31 March 2021.

Although cash on 31st March was only £122k, we had £359,023 of undrawn balance on our invoice discounting facility.

On 11 March 2020, the World Health Organisation officially declared a global health pandemic due to the spread of the COVID-19 virus. As part of the going concern assessment, the Directors performed a broad assessment on the future cash flows of the Company. After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has considerable financial resources and no external debt.

While COVID-19 continues to cause significant economic uncertainty, the Directors have fully considered its impact on the Company and do not believe that it has material impact on the Company's cashflow's. The impacts of COVID-19 are considered to be immaterial and the financial statements do not include adjustments as a result of this event. For this reason, the Company has adopted the going concern basis in preparing the annual report and financial statements

Notes to the financial statements for the year ended 31 March 2020

1. Accounting policies (continued)

1.3 Revenue

Wood fuel sales

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Development, maintenance and consultancy services

Revenue from maintenance and consulting and development services is recognised by reference to the stage of completion and agreed contractual milestones. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Revenue for the Company is measured at the fair value of the consideration received or receivable. The Company recognises revenue for services provided it is probable that future economic benefits will flow to the entity.

Development, maintenance and consultancy fees are recognised in the period that the service is rendered.

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

1. Accounting policies (continued)

1.4 Intangible Assets

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life (10 years). Goodwill is being amortised to 'administrative expenses' over a 10 year period.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Other intangibles include customer relationships, which is carried at cost less accumulated amortisation and accumulated impairment losses, and amortisation is calculated by applying the straight-line method to its estimated useful life (10 years).

1.5 Tangible Fixed Assets

Tangible fixed assets 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. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Plant and machinery	3-20 years straight line
Office equipment	3-5 years straight line
Motor vehicle	3-8 years straight line
Leasehold improvements	3-10 years straight line

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

1. Accounting policies (continued)

1.6 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.7 Inventory

Raw materials and finished goods are initially recognised at cost, and subsequently valued at the lower of the cost and net realisable value.

Cost comprises all costs incurred in bringing the inventories to their present location and condition. Raw materials and consumables are used on a first in, first out basis.

At each reporting date, inventories are assessed for provision of obsolescence. If inventory is provided against, the carrying amount is reduced to its selling price less costs to complete and sell. The provision is recognised immediately in profit or loss.

1.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Financial assets

The Company's financial assets comprise of cash and trade and other receivables. Cash comprises cash in hand and deposits held at call with banks.

Trade and other receivables are not interest bearing and are stated at their nominal value as reduced by appropriate impairments for irrecoverable amounts or additional costs required to effect recovery.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable.

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

1. Accounting policies (continued)

1.10 Financial liabilities

The Company classifies its financial liabilities in the following category:

Other financial liabilities

Other financial liabilities include the following items:

- Loans and borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease. Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Invoice Discounting

Invoice discounting is a short term working capital facility provided by the Royal Bank of Scotland to be used for the designated purpose of remitting sales invoices where customers have been granted long credit terms over 30 days. The facility has a total available drawn down value as at 31 March 2020 of £4.4m.

The facility has been recognised as a loan as per note 17. The Company is responsible for the settlement of any drawn facility and will incur the loss if a trade receivable is not recovered.

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

1. Accounting policies (continued)

1.11 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met;
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are indicators of impairment of the Company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Determine the recoverability of trade receivables. Factors taken into consideration in reaching such a decision include the customers' credit scores and trading history and general economic conditions.

At the end of the financial year, a restructuring provision of £457,279 was created for redundancies to be made in financial year 2020/21. All these redundancies have been made in the financial year. These costs have been identified as non-recurring year on year and therefore separately disclosed within the Statement of Comprehensive Income.

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

3. Turnover

	2020	2019
	£	£
Wood fuel sales	**31,323,287**	34,453,535
Maintenance Fees	**659,945**	618,437
Development and Consultancy Fees	**99,016**	176,320
	32,082,248	35,248,292

All revenue in 2020 and 2019 has been generated in the United Kingdom

4. Other operating income

	2020	2019
	£	£
Other income	**116,966**	60,607
	116,966	60,607

5. Loss From Operations

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	**1,057,978**	1,126,477
Amortisation of intangible fixed assets	**95,971**	140.657
Auditors remuneration – audit related services for the audit of this Company	**48,000**	55,598
Foreign exchange loss	**224,241**	228,919
Operating lease payments	**810,339**	704,703
Staff costs (Note 6)	**4,071,266**	4,182,354
Loss on disposal of tangible fixed assets	**59,789**	149,103

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

6. Employees

	2020	2019
	£	£
Wages and salaries	**3,850,992**	3,999,431
Defined contribution pension costs	**220,274**	182,923
	4,071,266	4,182,354

Average number of staff		
Technical	**64**	71
Admin	**24**	22
Sales	**13**	13
Directors	**5**	5
Total	**106**	111

Directors' salaries

	2020	2019
	£	£
Short term employee benefits	**439,374**	427,293
Total pension and other post-employment benefit costs	**65,581**	55,945
	504,955	483,238

Highest paid Director

	2020	2019
	£	£
Short term employee benefits	**109,700**	97,451
Total pension and other post-employment benefit costs	**24,170**	17,963
	133,870	115,414

Key management personnel are the directors who are listed in the Directors' report.

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

7. Finance expense

	2020	2019
	£	£
Finance lease interest	**117,873**	297,291
Loan interest	**405,292**	323,607
Invoice discounting charge	**89,584**	148,012
Other finance expense	**30,622**	34,411
	643,371	803,321

8. Taxation

	2020	Restated 2019
	£	£
Current tax (credit)/expense	-	-
Deferred tax expense	-	116,240
Total tax expense	-	116,240
Loss before income taxes	**(7,812,500)**	(7,586,114)
UK corporation tax on the profit for the year at 19% (2019: 19%)	**(1,484,375)**	(1,441,362)
Expenses not deductible for tax purposes	**57,652**	9,521
Capital Allowances in excess of Depreciation	**(11,827)**	-
Losses carried forward	**1,438,550**	1,431,841
Reverse deferred tax asset	-	116,240
	-	116,240

Deferred tax

	2020	2019
	£	£
Fixed asset timing differences	-	116,240
Tax losses available	-	(116,240)
Net deferred tax asset / (liability)	-	-

There is an unrealised deferred tax asset of £3,920,849 at 31 March 2020 which relates to tax losses carried forward (2019: £nil)
The main rate of UK corporation tax was 19% for the year to 31 March 2020 (2019: 19%).

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

9. Tangible fixed assets

	Plant & Machinery	Office Equipment	Motor Vehicles	Leasehold Improvements	Total
	£	£	£	£	£
Cost					
At 1 April 2019	**2,129,269**	**1,023,240**	**4,117,920**	**20,333**	**7,290,762**
Additions	164,927	118,775	1,669,866	36,100	1,989,668
Disposals	(378,544)	(23,172)	(1,049,220)	-	(1,450,936)
At 31 March 2020	**1,915,652**	**1,118,843**	**4,738,566**	**56,434**	**7,829,495**
Depreciation					
At 1 April 2019	**1,228,848**	**705,067**	**1,884,113**	**13,767**	**3,831,795**
Charge for the year	322,895	141,341	591,166	2,576	1,057,978
Disposals	(257,803)	(12,426)	(866,367)	-	(1,136,596)
At 31 March 2020	**1,293,940**	**833,983**	**1,608,912**	**16,343**	**3,753,177**
Net book value at 31 March 2019	900,422	318,173	2,233,807	6,567	3,458,969
Net book value at 31 March 2020	**621,712**	**284,860**	**3,129,654**	**40,091**	**4,076,318**

The net book value of the assets under lease arrangements at 31 March 2020 was £2,512,406 (2019: £2,451,021). Depreciation charged for the year of the assets under lease arrangements was £559,770 (2019: £659,314)

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

10. Intangible fixed assets

	Goodwill	Customer relationships	Total
	£	£	£
Cost			
At 1 April 2019	554,185	759,596	1,313,781
At 31 March 2020	554,185	759,596	1,313,781
Amortisation			
At 1 April 2019	155,223	453,495	608,718
Amortisation charge for the year	55,419	40,552	95,971
At 31 March 2020	210,642	494,047	704,689
Net book value			
At 1 April 2019	398,962	306,101	705,063
At 31 March 2020	343,543	265,549	609,092

11. Inventories

	2020	2019
	£	£
Raw materials and consumables	**1,988,887**	-
	1,988,887	-

Stock was transferred to a subsidiary company and held by it at 31 March 2019, hence the zero stock at 31 March 2019. In 2020, the stock was transferred back to the Company.

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

12. Trade and other receivables

	2020	2019
	£	£
Trade receivables	**4,577,611**	7,218,230
Other receivables	**175,536**	441,552
VAT receivable	-	319,960
Prepayments	**68,586**	43,250
Amounts owed from Group companies	**105,435**	70,007
	4,927,168	8,092,999

Amounts owed from Group companies are interest free, unsecured and repayable on demand.

13. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	**122,531**	222,399
	122,531	222,399

14. Trade and other payables

	2020	2019 Restated
	£	£
Trade payables	**1,621,215**	1,746,629
Other payables	**3,068**	416,041
Accruals	**5,318,763**	4,763,979
VAT payables	**166,521**	-
	7,109,567	6,926,649

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

15. Loans and borrowings

	2020	2019
	£	£
Invoice discounting	**2,864,261**	4,602,762
Finance lease creditors	**660,147**	665,738
	3,524,408	5,268,500

The invoice discounting balance is secured against the trade receivables.

16. Creditors: amounts falling due after one year

	2020	2019
	£	£
Amounts due to Group companies	**6,363,524**	10,923,113
Finance lease creditors	**1,317,286**	1,189,286
	7,680,810	12,112,399

After reviewing the Company's operations, financial position and short and long term cash flow forecasts, the Directors have a reasonable expectation that the company has adequate resources to continue operating and meet its financial obligations. The parent company capitalised loans of £5.55m at 31 March 2021..

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

17. Finance obligations

	Up to 1 year	Between 1 and 5 years	Over 5 years
	£	£	£
Year ended 31 March 2020			
Amounts due to Group companies	-	-	6,363,524
Finance lease creditors	660,147	1,296,042	21,244
Invoice discounting	2,864,261	-	-
At 31 March 2020	**3,524,408**	**1,296,042**	**6,384,768**
Year ended 31 March 2019			
Amounts due to Group companies	-	-	10,923,113
Finance lease creditors	665,738	1,189,286	-
Invoice discounting	4,602,762	-	-
At 31 March 2019	**5,268,500**	**1,189,286**	**10,923,113**

The fair values of non-current liabilities are not materially different to their carrying value.

The Company holds an invoice discounting facility with its bankers with a limit of £4.4m (2019: £5.4m). The facility is repayable within 12 months of annual renewal of the facility. The facility accrues interest at a rate of 2.75%.

There were no issue costs incurred. Therefore, nothing further has been deducted from the initial carrying value and charged to profit or loss as part of the interest charge calculated using the effective interest rate method.

18. Provisions

	2020	2019
	£	£
Restructuring provision	**457,279**	6,000
	457,279	6,000

At 31 March 2020, a restructuring provision of £457,279 was created for redundancies to be made in financial year 2020/21.

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

19. Share capital

	No of shares	Issued Capital	Share Premium
	Nos.	£	£
31 March 2019			
Ordinary Shares of £1 each			
As at 31 March 2018	288,600	288,600	-
As at 31 March 2019	**288,600**	**288,600**	-
31 March 2020			
Ordinary shares of £1 each			
As at 31 March 2019	288,600	288,600	-
Shares to be issued	125,986	125,986	12,472,565
At 31 March 2020	**414,586**	**414,586**	**12,472,565**

20. Operating lease payments

	2020	2019
	£	£
Not more than one year	**316,320**	444,719
Between one and 5 years	**277,845**	404,249
After 5 years	**36,904**	
	631,069	848,968

21. Finance lease payments

	2020	2019
	£	£
Not more than one year	**743,993**	738,790
Between one and 5 years	**1,399,797**	1,237,785
After 5 years	**21,452**	-
	2,165,242	1,976,575

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

22. Prior year restatement

Error 1 -

As disclosed in the 31 March 2019 financial statements (note 22), a prior year restatement was recognised in relation to errors regarding inventory, creditor completeness and intercompany balances for the year ending 31 March 2018. Please refer to the 31 March 2019 financial statements for the detail regarding those errors.

During the financial year ended 31 March 2020 it was noted that the adjustment to inventory had been processed incorrectly in the 2019 financial statements. The total Group inventory for the year ended 31 March 2018 had been written down to an adjusted value of £1,257,222. The correct inventory value should have been £1,772,566.

The 31 March 2019 comparatives have been updated to reflect this. The following adjustments have been noted -

£515,344 increase to Cost of Sales and the overall loss for the year ended 31 March 2019.
£515,344 decrease to opening retained losses for the opening balance sheet at 1 April 2018 as reflected on the restated statement of changes in equity.

Error 2 -

During the financial year ended 31 March 2020 it was noted that the adjustment to Good received not invoiced had been processed incorrectly in the 2019 financial statements. Goods Received not invoiced had been understated by £181,571 due to an incorrect calculation of the final year end balance. This was identified by the Company in the financial year ended 31 March 2020 through the reconciliation of the VAT balance pertaining to invoices which had been accrued in the prior year.

The 31 March 2019 comparatives have been updated to reflect this. The following adjustments have been noted -

£181,571 increase to Cost of Sales and the overall loss for the year ended 31 March 2019.
£181,571 increase to Goods Received Not Invoiced included within Trade and other payables

There was no impact to overall operating cash flows for the year ended 31 March 2019.

The impact on the financial statements can be seen below -

Statement of comprehensive income

	Year ended 31 March 2019 (as restated)	Increase / (Decrease)	Year ended 31 March 2019
	£	£	£
Revenue	35,248,292	-	35,248,292
Cost of sales	(34,648,243)	(696,914)	(33,951,329)
Gross profit	**600,049**	(696,914)	**1,296,963**
Other operating income	60,607	-	60,607
Administrative expenses	(7,348,571)	-	(7,348,571)
Impairment of intangibles	(268,510)	-	(268,510)
Non-recurring administrative	-	-	-

Restructuring provision	173,632	-	173,632
Total Administrative costs	(7,443,449)	-	(7,443,449)
Loss from operations	**(6,782,793)**	(696,914)	**(6,085,879)**
Finance expense	(803,321)	-	(803,321)
Loss before tax	**(7,586,113)**	(696,914)	**(6,889,199)**
Tax charge	(116,240)	-	(116,240)
Loss for the year	**(7,702,354)**	(696,914)	**(7,005,439)**

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

22. Prior year restatement (continued)

Statement of financial position

	Year ended 31 March 2019 (as restated)	Increase / (Decrease)	Year ended 31 March 2019
	£	£	£
Non-current assets			
Tangible fixed assets	3,458,969	-	3,458,969
Intangible assets	705,063	-	705,063
	4,164,032	-	4,164,032
Current assets			
Inventories	-	-	-
Trade and other receivables	8,092,999	-	8,092,999
Cash and cash equivalents	222,399	-	222,399
	8,315,398	(181,570)	8,315,397
Creditors: amounts falling due within one year			
Trade and other payables	6,926,649	(181,571)	6,745,078
Loans and borrowings	5,268,500	-	5,268,500
Deferred Consideration	69,385	-	69,385
Provisions	6,000	-	6,000
	12,270,534	-	**12,088,963**
Creditors: amounts falling due after more than one year	12,112,399	-	12,112,399
Net (Liabilities)	**(11,903,503)**	(181,571)	**(11,721,933)**
Equity attributable to equity shareholders of the parent company			
Paid up share capital	288,600	-	288,600
Merger reserve	718,272	-	718,272
Retained deficit	(12,910,375)	(181,571)	(12,728,805)
Total equity	**(11,903,503)**	(181,570)	**(11,721,933)**

The correction further affected some of the amounts disclosed in the Notes. Therefore, those notes are restated as well.

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

23. Ultimate controlling party

At the year end, the ultimate parent is Fossa Holdco Limited, a company registered in the United Kingdom. This is the smallest group in which the results of the Company are consolidated into. A copy of the group financial statements may be obtained at Companies House.

At the year end, AMP Clean Energy Services Holdings Limited, a company registered in the United Kingdom, is the immediate parent company.

The company has taken advantage of exemption conferred by FRS102 to disclosed related party transactions with and between wholly-owned group companies.