

REGISTERED NUMBER: 06895395 (England and Wales)

Abbreviated Accounts for the Year Ended 31 October 2011

for

Hemp Technology Ltd

WEDNESDAY



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COMPANIES HOUSE

Hemp Technology Ltd

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for the Year Ended 31 October 2011

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Hemp Technology Ltd

Company Information
for the Year Ended 31 October 2011

DIRECTORS:

I Pritchett
P R Key
Prof G Musgrave
J Swayne

REGISTERED OFFICE:

126 Milton Park
Abingdon
Oxfordshire
OX14 4SA

REGISTERED NUMBER:

06895395 (England and Wales)

Hemp Technology Ltd

Chairman's Report for the Year Ended 31 October 2011

Last year saw many changes in your Company. We have passed important milestones through the completion of major projects for flagship clients and in the development of new product lines in our processing subsidiary, Hemp Technology, while at the same time substantially restructuring the business. Progress has been made in the last financial year and financial losses have been reduced, although not yet eliminated. This has been achieved by implementing a strategy of developing and diversifying our products and investing for growth, whilst changing employees' roles to increase effectiveness and margins. As a small company offering innovative products, we have had to expend more energy in selling and marketing functions, while building up our capabilities to deliver volume in the future.

Our core business is being transformed from a materials supplier to a systems provider with improved margins. Sales of Hembuild®, which is provided in pre-cast form, now exceed sales of Hemcrete® for casting on site. This transformation is being achieved using our very extensive technical knowledge of our products and what they can achieve in order to offer our customers total construction solutions. Two notable projects have been completed using this technique, namely the Long Stanton Exhibition and Park and Ride building which has won the "Green Apple Award", and also six large storage pods for the Science Museum that were completed on time and are to be used as passive storage cells. Both these projects are achieving leading edge thermal efficiency results and will provide an excellent demonstration base for the technology. In respect of our most established product line, lime mortars, we have provided a specialist niche product, our London Lime Mortar is an example of this, and are able to offer this as a more complete solution to the industry. This is now paying off in this current financial year although the ground work was started last year.

In a similar way, the Hemclad® product, introduced last year and used in the successful Marks & Spencer's eco-store at Cheshire Oaks, has now been extended into a factory-built timber frame system with a variety of specifications known as Hembuild®. This can have different structures and also different fillings chosen from among our unique Hemcrete® and Breathe® product ranges to satisfy stringent specifications. Our new processes have helped us introduce better production standards, including faster and more effective drying to allow construction at any time of the year.

Hemp Technology, our Suffolk processing plant, plays an important role in giving us visibility over our supply chain from field to construction site. In the past, however, it was not profitable and acted as a further drain on the Group. Hemp Technology now processes rape and linseed straw in addition to hemp straw. This has enabled us to open up a major new market in supplying processed linseed to the European specialty pulp and paper industry. The markets to which Hemp Technology's products are supplied include, not just the paper industry, but markets as diverse as sustainable motor industry parts, horse bedding and insulation materials. Even the dust from our plant is contracted as a bio-fuel for a local power station. The plant is now operating three shifts five days per week compared to one shift twelve months ago. We continue to address legacy maintenance issues in the plant but the changes to the business provide a platform for improved returns next year.

Of course, none of this would have been possible without significant restructuring and our employees have had to face new challenges during the transition period. We would like to thank our employees, old and new, for their continuing support. Without their passion and commitment, it would not have been possible to penetrate new markets and we are grateful for their efforts. At the beginning of the year, we appointed our new CEO, Phil Key. Phil has significant experience in the timber frame industry and will help us take our Hembuild® systems to a new level and to wider markets. Phil has been very active in reorganising our sales operations to raise our profile with developers and architects and to more effectively address the challenges of selling to UK construction customers. To date we have increased the sales and marketing head count and this is beginning to see some returns as well as increasing our pipe-line of projects.

The Board has expressed its support for our growth plan as our technologies and systems gain greater market awareness. Going forward, under Phil's leadership, we intend to increase our focus on the retail, school, warehousing, external wall insulation (EWI) and technical fibre markets, all of which have been underemphasised in the past due to a lack of relevant skills and/or very constrained finances. The plan we have for 2013 is very ambitious but it is pleasing to report that we have support from some of our institutional investors.

It will be a hard road ahead. All UK companies, and particularly those serving the construction industry face challenges and the lack of availability of bank finance for construction projects continues to hold back the industry. The sustainable building solutions sector has shown good resilience even through the downturn and, notwithstanding the general state of the economy, we are hopeful for the future of the Company.

Hemp Technology Ltd

Chairman's Report
for the Year Ended 31 October 2011

We remain optimistic for the growth potential of Lime Technology as it evolves from being a niche specialist supplier into becoming a mainstream supplier of sustainable building systems and solutions. We have demonstrated that our sales can grow even in challenging market conditions. As our markets recover, we expect our results to repay the support provided to us by our shareholders.

GM
Chairman

Report of the Independent Auditors to
Hemp Technology Ltd
Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages five to seven, together with the full financial statements of Hemp Technology Ltd for the year ended 31 October 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.



Michael Good
Senior Statutory Auditor
For and on behalf of Critchleys LLP, Statutory Auditor

Date 23 October 2012

Critchleys LLP
Avalon House
Marcham Road
Abingdon
Oxfordshire
OX14 1UD

Hemp Technology Ltd

Abbreviated Balance Sheet

31 October 2011

	Notes	31 10 11 £	£	31 10 10 £	£
FIXED ASSETS					
Intangible assets	2		-		-
Tangible assets	3		<u>1,141,180</u>		<u>1,297,712</u>
			1,141,180		1,297,712
CURRENT ASSETS					
Stocks		141,732		79,767	
Debtors		758,793		364,491	
Cash at bank		<u>114,828</u>		<u>65,239</u>	
		1,015,353		509,497	
CREDITORS					
Amounts falling due within one year		<u>860,181</u>		<u>995,873</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>155,172</u>		<u>(486,376)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,296,352		811,336
CREDITORS					
Amounts falling due after more than one year			<u>1,950,879</u>		<u>926,296</u>
NET LIABILITIES			<u>(654,527)</u>		<u>(114,960)</u>
CAPITAL AND RESERVES					
Called up share capital	4		1,000,001		1,000,001
Profit and loss account			<u>(1,654,528)</u>		<u>(1,114,961)</u>
SHAREHOLDERS' FUNDS			<u>(654,527)</u>		<u>(114,960)</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the Board of Directors on behalf by

22/10/12.

and were signed on its


I Pritchett - Director

Hemp Technology Ltd.

Notes to the Abbreviated Accounts
for the Year Ended 31 October 2011

1 ACCOUNTING POLICIES

Accounting convention

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)

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery etc - 25% on reducing balance and 10% on cost

Stocks

Stock is valued at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in tax computations in periods different from those in which they are included in the company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of a fixed asset where there is no commitment to sell the asset

Foreign currencies

Foreign currency transactions are recorded at the rate of exchange at the date of the transaction. Currency holdings held at the balance sheet date are reported at the rate of exchange at that date

Going Concern

The directors have adopted the going concern basis of accounting in preparing these financial statements, on the basis that the company has, through the continued support provided by the parent company, adequate resources to continue in operational existence

2 INTANGIBLE FIXED ASSETS

	Total £
COST	
At 1 November 2010	91,542
Disposals	<u>(91,542)</u>
At 31 October 2011	-
AMORTISATION	
At 1 November 2010	91,542
Eliminated on disposal	<u>(91,542)</u>
At 31 October 2011	-
NET BOOK VALUE	
At 31 October 2011	<u>-</u>
At 31 October 2010	<u>-</u>

Lime Technology Ltd

Notes to the Abbreviated Accounts - continued for the Year Ended 31 October 2011

3 TANGIBLE FIXED ASSETS

	Total £
COST	
At 1 November 2010	1,513,853
Disposals	<u>(9,000)</u>
At 31 October 2011	<u>1,504,853</u>
DEPRECIATION	
At 1 November 2010	216,141
Charge for year	150,486
Eliminated on disposal	<u>(2,954)</u>
At 31 October 2011	<u>363,673</u>
NET BOOK VALUE	
At 31 October 2011	<u>1,141,180</u>
At 31 October 2010	<u>1,297,712</u>

4 CALLED UP SHARE CAPITAL

Number	Class	Nominal value £1	31 10 11 £	31 10 10 £
1,000,001	Ordinary		<u>1,000,001</u>	<u>1,000,001</u>

5 POST BALANCE SHEET EVENTS

Since the year end, the parent company Lime Technology Limited has secured additional equity investment of approximately £1.9 million

6 ULTIMATE CONTROLLING PARTY

In the opinion of the directors, the company is controlled by Lime Technology Ltd registered number 4584196 by virtue of its holding of 100% of the company's share capital. Lime Technology Ltd is the company's ultimate parent company. Lime Technology Ltd is not controlled by any single party.

7 PARENT COMPANY GUARANTEES

Lime Technology Limited, has provided parent company guarantees for the hire purchase agreements to Valtech NV and the trading debts to one supplier, BPI Limited.