

Forest Fuels (Holdings) Ltd

Annual Report

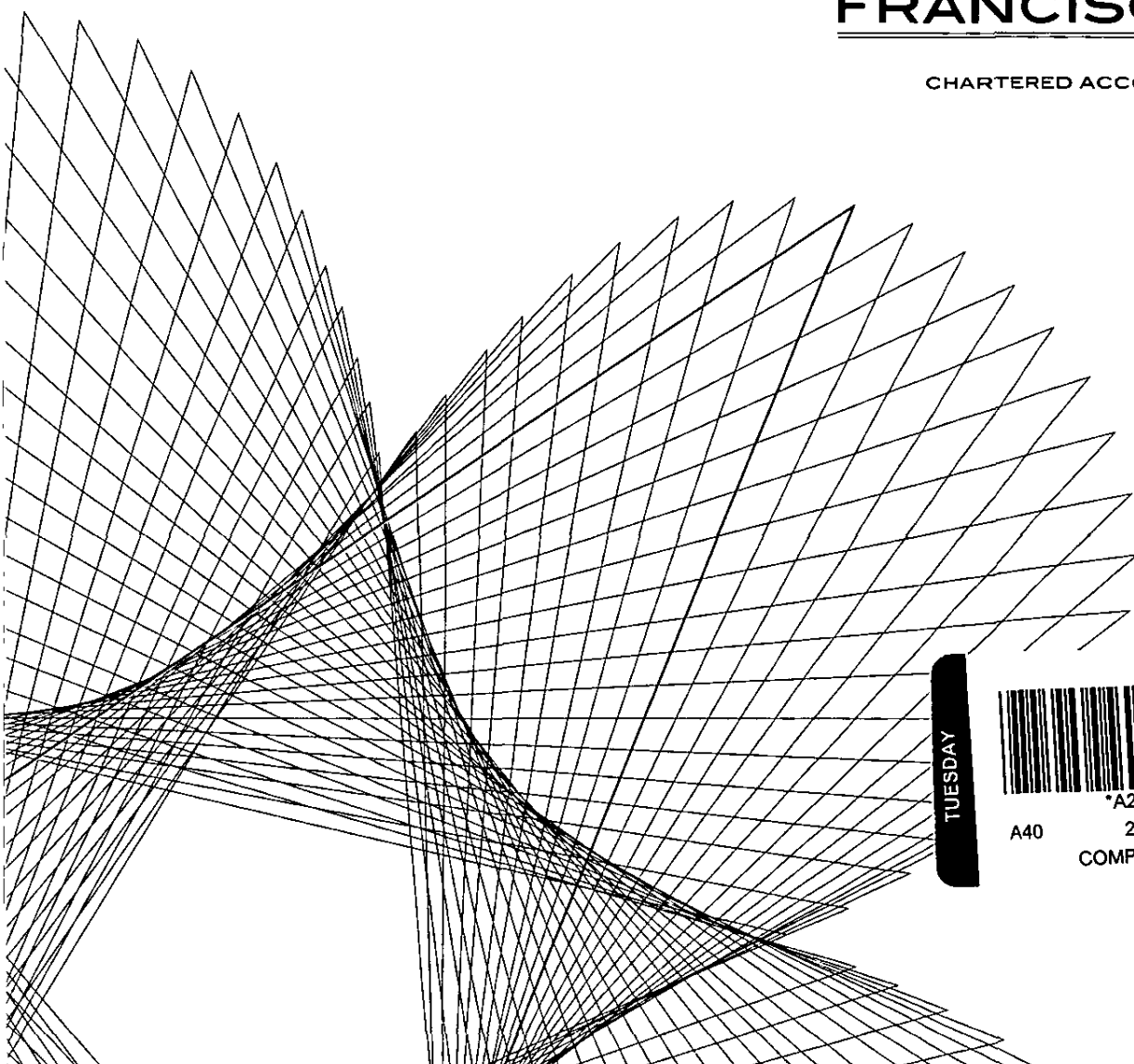
For

Year Ended 31 March 2013

Company Registration Number 07425592

FRANCISCLARK

CHARTERED ACCOUNTANTS



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Forest Fuels (Holdings) Ltd

Financial Statements

Year Ended 31 March 2013

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Forest Fuels (Holdings) Ltd

Officers and Professional Advisers

The Board of Directors

Mr P Solly
Mr S Whatmore
Mr G Nylin
Mr G Hilton

Accountants

Francis Clark LLP
Chartered Accountants
North Quay House
Sutton Harbour
PLYMOUTH
PL4 0RA

Forest Fuels (Holdings) Ltd

The Directors' Report

Year Ended 31 March 2013

The directors have pleasure in presenting their report and the unaudited financial statements of the group for the year ended 31 March 2013

Principal Activities and Business Review

The principal activity of the group during the year was that of the preparation and delivery of forest fuels

In October 2011 Forest Fuels Holdings Limited acquired 100% of the issued share capital of Forest Fuels Limited. This year has seen further development for the company

Acquisitions of Silvapower in Yorkshire (July 2011) and English Wood Fuels in Midlands (March 2012) have been fully integrated. These businesses are now run operationally as one with Forest Fuels, and mean we are a leader in the UK Premium Grade wood fuel supply industry. We cover from Yorkshire to Suffolk to South Wales to Cornwall, supplying wood chip and wood pellet from local depots. We have three locally-based Operations Managers, supported by the Head office team in Devon.

There has been significant sales growth, exceeding £3m for the first time. This is year-on-year organic growth (excluding acquisitions) of over 50%.

We have taken on lots of new customers, including increasingly multi-site customers. We won the contract to supply wood chip and wood pellet to the Suffolk Schools at open tender and this contract started in early January 2013 (over 20 sites). We have also won a large volume of business in Hull. All of this is on long term, secure contract.

The company's position in the market continues to be recognised: we retained the independent quality accreditation Woodsure, and were finalists in both the 2012 and 2013 British Renewable Energy Awards.

Staff continue to be at the forefront of this fast developing industry. For example,

- Operations Manager Howard Towns, who runs our operations in the Midlands, East Anglia and Northern Home Counties from the regional office in Melton Mowbray, sits on the UK Pellet Council Steering Group, the regulatory body for the pellet industry
- Founder Sam Whatmore has continued his role as Vice Chair of the UK Wood Fuel Suppliers Group

During the year the Renewable Heat Incentive (RHI) had a significant positive effect on the number of new wood fuel boilers being installed, thus increasing our potential customer base. This looks set to continue after the year end, and with Forest Fuels' market positioning, strong quality-focussed culture and geographical coverage, we are well placed to capitalise on this.

Directors

The directors who served the group during the year were as follows

Mr P Solly
Mr S Whatmore
Mr G Nylín
Mr G Hilton
Mr J Davison

(Appointed 1 October 2012)
(Appointed 1 October 2012)
(Resigned 1 October 2012)

Forest Fuels (Holdings) Ltd

The Directors' Report

Year Ended 31 March 2013

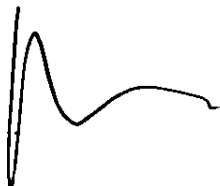
Small Group Provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors

Mr P Solly
Director

Approved on

A handwritten signature in black ink, consisting of a series of loops and a final horizontal stroke, positioned to the right of the text 'Approved on'.

Forest Fuels (Holdings) Ltd

Group Profit and Loss Account

Year Ended 31 March 2013

	Note	2013 £	2012 £
Turnover		3,029,756	816,882
Cost of sales		2,040,888	570,626
Gross Profit		988,868	246,256
Distribution Costs		235,150	29,735
Administrative expenses		581,531	212,971
Other operating income	2	(3,535)	–
Operating Profit	3	175,722	3,550
Amortisation		(25,669)	(25,579)
Interest payable and similar charges		37,781	12,684
Profit/(Loss) on Ordinary Activities Before Taxation		112,272	(34,713)
Tax on profit/(loss) on ordinary activities	5	26,984	(12,940)
Profit/(Loss) for the Financial Year	6	85,288	(21,773)

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 7 to 12 form part of these financial statements.

Forest Fuels (Holdings) Ltd

Group Balance Sheet

31 March 2013

	Note	2013 £	2012 £
Fixed Assets			
Intangible assets	8	205,446	230,215
Tangible assets	9	71,345	86,862
		<u>276,791</u>	<u>317,077</u>
Current Assets			
Stocks		485,126	399,682
Debtors	11	777,747	511,080
Cash at bank		234,005	131,967
		<u>1,496,878</u>	<u>1,042,729</u>
Creditors Amounts falling due within one year	13	<u>1,112,740</u>	<u>1,006,959</u>
Net Current Assets		<u>384,138</u>	<u>35,770</u>
Total Assets Less Current Liabilities		<u>660,929</u>	<u>352,847</u>
Creditors Amounts falling due after more than one year	14	456,823	234,029
		<u>204,106</u>	<u>118,818</u>
Capital and Reserves			
Called-up equity share capital	17	202	202
Share premium account	18	122,889	122,889
Profit and loss account	18	81,015	(4,273)
Shareholders' Funds		<u>204,106</u>	<u>118,818</u>

The directors are satisfied that the group is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the group keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the group as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the group

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 20/12/13 and are signed on their behalf by

Mr P Solly

Mr S Whatmore

The notes on pages 7 to 12 form part of these financial statements

Forest Fuels (Holdings) Ltd

Company Balance Sheet

31 March 2013

	Note	2013 £	2012 £
Fixed Assets			
Investments	10	<u>382,630</u>	<u>381,730</u>
Current Assets			
Debtors	11	—	27,500
Creditors Amounts falling due within one year	13	<u>256,820</u>	<u>263,420</u>
Net Current Liabilities		<u>(256,820)</u>	<u>(235,920)</u>
Total Assets Less Current Liabilities		<u>125,810</u>	<u>145,810</u>
Creditors Amounts falling due after more than one year	14	—	20,000
		<u>125,810</u>	<u>125,810</u>
Capital and Reserves			
Called-up equity share capital	17	202	202
Share premium account	18	122,889	122,889
Profit and loss account	18	2,719	2,719
Shareholders' Funds		<u>125,810</u>	<u>125,810</u>

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Mr P Solly

Mr S Whatmore

Company Registration Number 07425592

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Forest Fuels (Holdings) Ltd

Notes to the Financial Statements

Year Ended 31 March 2013

1 Accounting Policies

Basis of accounting

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)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover represents the fair value of consideration receivable, excluding Value Added Tax, in the ordinary course of business for goods and services provided.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Goodwill - 10 years straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant and machinery	- 25% reducing balance
Fixtures and fittings	- 10% reducing balance
Motor vehicles	- 25% reducing balance
Computer equipment	- 33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the group profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by the FRSSE.

Forest Fuels (Holdings) Ltd

Notes to the Financial Statements

Year Ended 31 March 2013

1 Accounting Policies *(continued)*

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate

2 Other Operating Income

	2013 £	2012 £
Other operating income	<u>3,535</u>	<u>–</u>

3 Operating Profit

Operating profit is stated after charging/(crediting)

	2013 £	2012 £
Amortisation of government grants re fixed assets	(1,963)	(6,544)
Depreciation of owned fixed assets	17,655	9,202
Depreciation of assets held under hire purchase agreements	1,252	1,670
Loss/(Profit) on disposal of fixed assets	<u>474</u>	<u>(7,732)</u>

4 Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2013 £	2012 £
Aggregate remuneration	<u>98,850</u>	<u>15,987</u>

5 Taxation on Ordinary Activities

Analysis of charge in the year

	2013 £	2012 £
Deferred tax		
Origination and reversal of timing differences	<u>26,984</u>	<u>(12,940)</u>
Total deferred tax (note 12)	<u>26,984</u>	<u>(12,940)</u>

6 Profit Attributable to Members of the Parent Group

The profit dealt with in the financial statements of the parent group was £Nil (2012 - £12,719)

7 Dividends

Equity dividends

	2013 £	2012 £
Paid		
Equity dividends on ordinary shares	<u>–</u>	<u>10,000</u>

Forest Fuels (Holdings) Ltd

Notes to the Financial Statements

Year Ended 31 March 2013

8 Intangible Fixed Assets

Group	Goodwill £
Cost	
At 1 April 2012	255,794
Additions	900
At 31 March 2013	256,694
Amortisation	
At 1 April 2012	25,579
Charge for the year	25,669
At 31 March 2013	51,248
Net Book Value	
At 31 March 2013	205,446
At 31 March 2012	230,215

9 Tangible Fixed Assets

Group	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 April 2012	141,648	9,453	11,555	480	163,136
Additions	2,638	874	—	500	4,012
Disposals	(3,500)	—	—	—	(3,500)
At 31 March 2013	140,786	10,327	11,555	980	163,648
Depreciation					
At 1 April 2012	69,227	4,080	2,966	—	76,273
Charge for the year	15,858	603	2,147	299	18,907
On disposals	(2,877)	—	—	—	(2,877)
At 31 March 2013	82,208	4,683	5,113	299	92,303
Net Book Value					
At 31 March 2013	58,578	5,644	6,442	681	71,345
At 31 March 2012	72,421	5,373	8,589	480	86,863

Hire purchase agreements

Included within the net book value of £71,345 is £3,757 (2012 - £5,009) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,252 (2012 - £1,670).

Forest Fuels (Holdings) Ltd

Notes to the Financial Statements

Year Ended 31 March 2013

10 Investments

Company	Group companies £
Cost	
At 1 April 2012	381,730
Additions	900
At 31 March 2013	<u>382,630</u>
Net Book Value	
At 31 March 2013	<u>382,630</u>
At 31 March 2012	<u>381,730</u>

Subsidiary undertakings	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
All held by the company				
Forest Fuels Limited	England	Ordinary shares	100%	Provision of forest fuels
Silvapower Limited	England	Ordinary shares	100%	Provision of forest fuels
English Wood Fuels Limited	England	Ordinary shares	100%	Provision of forest fuels

11 Debtors

	2013 £	Group 2012 £	2013 £	Company 2012 £
Trade debtors	736,000	440,967	-	-
Amounts owed by group undertakings	-	-	-	27,500
Other debtors	7,598	8,978	-	-
Other debtors	<u>47,349</u>	<u>77,295</u>	-	-
	<u>790,945</u>	<u>527,240</u>	-	<u>27,500</u>

12. Deferred Taxation

The movement in the deferred taxation asset during the year was

	Group 2013 £	2012 £	Company 2013 £	2012 £
Asset brought forward	61,135	-	-	-
(Decrease)/Increase in asset	<u>(26,984)</u>	61,135	-	-
Asset carried forward	<u>34,151</u>	<u>61,135</u>	-	-

	Group 2013 £	2012 £	Company 2013 £	2012 £
Tax losses available	(13,198)	(16,160)	-	-
	<u>47,349</u>	<u>77,295</u>	-	-
	<u>34,151</u>	<u>61,135</u>	-	-

Forest Fuels (Holdings) Ltd

Notes to the Financial Statements

Year Ended 31 March 2013

13 Creditors. Amounts falling due within one year

	2013	Group	2013	Company
	£	2012	£	2012
	£	£	£	£
Deferred consideration	20,000	105,000	20,000	105,000
Invoice discounting	108,306	148,846	–	–
Trade creditors	689,406	412,077	–	–
Amounts owed to group undertakings	–	–	227,022	148,622
Hire purchase agreements	2,037	4,909	–	–
Other creditors	144,980	227,896	9,798	9,798
Directors' loan accounts	55,914	45,382	–	–
Accruals and deferred income	92,097	62,849	–	–
	<u>1,112,740</u>	<u>1,006,959</u>	<u>256,820</u>	<u>263,420</u>

The following liabilities disclosed under creditors falling due within one year are secured by the group

	2013	Group	2013	Company
	£	2012	£	2012
	£	£	£	£
Other loans	93,333	–	–	–
Invoice discounting	108,306	148,846	–	–
Hire purchase agreements	2,037	118,114	–	–
	<u>203,676</u>	<u>266,960</u>	<u>–</u>	<u>–</u>

14 Creditors. Amounts falling due after more than one year

	2013	Group	2013	Company
	£	2012	£	2012
	£	£	£	£
Hire purchase agreements	340	5,734	–	–
Directors' loan accounts	277,614	98,326	–	–
Other creditors	178,869	129,969	–	20,000
	<u>456,823</u>	<u>234,029</u>	<u>–</u>	<u>20,000</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the group

	2013	Group	2013	Company
	£	2012	£	2012
	£	£	£	£
Other loans	145,000	57,222	–	–
Hire purchase agreements	340	5,734	–	–
	<u>145,340</u>	<u>62,956</u>	<u>–</u>	<u>–</u>

Forest Fuels (Holdings) Ltd

Notes to the Financial Statements

Year Ended 31 March 2013

15 Commitments under Operating Leases

At 31 March 2013 the group had annual commitments under non-cancellable operating leases as set out below

	2013 £	2012 £
Operating leases which expire		
Within 2 to 5 years	<u>10,598</u>	<u>10,598</u>

16 Related Party Transactions

The group was under the control of Mr S Whatmore and Mr P Solly throughout the current and previous year by virtue of their shareholdings in Forest Fuels Holdings Limited

During the year the group operated loan accounts with Mr P Solly At the balance sheet date the group owed Mr P Solly £328,032

During the year the group operated loan accounts with Mr S Whatmore At the balance sheet date the group owed Mr S Whatmore £5,496

These balances bear interest and a variable rate and have no fixed terms of repayment

17 Share Capital

Allotted, called up and fully paid

	2013 No	£	2012 No	£
20,200 Ordinary shares of £0.01 each	<u>20,200</u>	<u>202</u>	<u>20,200</u>	<u>202</u>

18 Reserves

Group

	Share premium account £	Profit and loss account £
Balance brought forward	122,889	(4,273)
Profit for the year	—	85,288
Balance carried forward	<u>122,889</u>	<u>81,015</u>

Company

	Share premium account £	Profit and loss account £
Balance brought forward	122,889	2,719
Balance carried forward	<u>122,889</u>	<u>2,719</u>

