

Forest Fuels Holdings Limited
Annual Report and Consolidated Financial Statements
Year Ended 31 March 2014

Company Registration Number: 07425592

FRANCISCLARK

CHARTERED ACCOUNTANTS



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Forest Fuels Holdings Limited

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Forest Fuels Holdings Limited

Directors' Report

Year Ended 31 March 2014

The directors present their report and the consolidated financial statements for the year ended 31 March 2014

Business review

The group, which includes Forest Fuels Ltd, Silvapower Ltd and English Wood Fuels Ltd, continues to develop well. The market is growing fast and the group is well positioned to be able to take advantage of this growth.

The market for sustainably supplied biomass fuel is growing quickly driven by the Government's Renewable Heat Incentive (RHI) and targets for renewable energy and heating. Industry predictions are that the market for biomass fuels will grow to £500 million by 2020, from the current position of £50 million per annum. The Forest Fuels Group, with its geographic spread across much of the country, broad customer's base and strong links in the supply chain, is well positioned to take advantage of this market opportunity.

During the year there was strong sales growth once again, with sales exceeding £4m. The group remains a leader in Premium Grade wood chip and wood pellet supply to commercial customers in England & Wales. Mainly focussed on long-term secure contracts with a diversified customer base, the group is investing significantly in building its forward order book.

The wet autumn (which slowed drying of timber) and warm winter (which reduced customers' requirements for wood fuel) affected profitability. However the company remained profitable, despite investing significantly in resources to deliver future growth.

Forest Fuels, Silvapower and English Wood Fuels are now operated as one business, with a single management structure. During the year, the process of rebranding began and now, all trading is conducted through Forest Fuels.

During late 2012 the sale of the company was contemplated and progressed to a late stage. However, the buyer was not able to conclude the acquisition and as a result they paid damages for non-completion which are included in these accounts. This concludes a difficult and distracting period for the group.

During the year the group expanded further north, and opened depots in North Yorkshire and Hull, as well as an office in York. An experienced manager was recruited to develop this area. Other investments in staff were made, as the group continued to grow.

The group was accredited as an ENplus Trader for wood pellet, one of a very small number in the country, and is the only business to hold both ENplus Trader for pellet and Woodsure+ for wood chip.

Forest Fuels continues to develop its consultancy business, advising a wide range of clients on biomass solutions. The business and its staff have also continued at the forefront of the industry's development, sitting on numerous industry groups. Howard Towns (Operations Manager) remains on the Board of the UK Pellet Council (the UK's governing body for the wood pellet industry).

Our market continues to grow, and Forest Fuels is very well placed to continue to capitalise on this growth.

Forest Fuels Holdings Limited

Directors' Report

Year Ended 31 March 2014

continued

Directors of the company

The directors who held office during the year were as follows

Mr P J Solly

Mr S C Whatmore

Mr G Nylin (Resigned 3 January 2014)

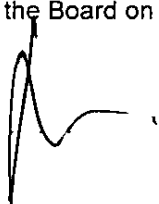
Mr G Hilton (Resigned 3 January 2014)

Principal activity

The principal activity of the group is the preparation and delivery of forest fuels

Approved by the Board on 18/12/14 and signed on its behalf by

Mr P J Solly
Director



Forest Fuels Holdings Limited
Consolidated Profit and Loss Account
Year Ended 31 March 2014

	Note	2014 £	2013 £
Turnover		4,307,327	3,029,756
Cost of sales		<u>(3,356,510)</u>	<u>(2,276,039)</u>
Gross profit		950,817	753,717
Administrative expenses		(798,504)	(607,200)
Other operating income		<u>51,145</u>	<u>3,535</u>
Group operating profit	2	203,458	150,052
Interest payable and similar charges		<u>(52,180)</u>	<u>(37,780)</u>
Profit on ordinary activities before taxation		151,278	112,272
Tax on profit on ordinary activities	4	<u>(22,966)</u>	<u>(26,984)</u>
Profit for the financial year attributable to members of the parent company	12	<u>128,312</u>	<u>85,288</u>

Turnover and operating profit derive wholly from continuing operations

The group has no recognised gains or losses for the year other than the results above

Forest Fuels Holdings Limited

Consolidated Balance Sheet

31 March 2014

	Note	2014 £	2013 £
Fixed assets			
Intangible fixed assets	5	179,777	205,446
Tangible fixed assets	6	103,859	71,341
Current assets			
Stocks		615,304	485,127
Debtors	8	964,005	777,746
Cash at bank and in hand		271,064	234,005
		<u>1,850,373</u>	<u>1,496,878</u>
Creditors: Amounts falling due within one year	9	<u>(1,480,890)</u>	<u>(1,132,737)</u>
Net current assets		<u>369,483</u>	<u>364,141</u>
Total assets less current liabilities		653,119	640,928
Creditors: Amounts falling due after more than one year	10	(320,701)	(432,405)
Deferred income		-	(4,417)
Net assets		<u>332,418</u>	<u>204,106</u>
Capital and reserves			
Called up share capital	11	202	202
Share premium account	12	122,889	122,889
Profit and loss account	12	209,327	81,015
Shareholders' funds		<u>332,418</u>	<u>204,106</u>

The notes on pages 7 to 16 form an integral part of these financial statements
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Forest Fuels Holdings Limited

Consolidated Balance Sheet

31 March 2014

continued

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)

Approved and authorised for issue by the Board on 18/12/14 and signed on its behalf by

Mr P J Solly
Director

Forest Fuels Holdings Limited

(Registration number 07425592)

Balance Sheet

31 March 2014

	Note	2014 £	2013 £
Fixed assets			
Investments	7	382,630	382,630
Creditors: Amounts falling due within one year	9	(256,820)	(256,820)
Net assets		<u>125,810</u>	<u>125,810</u>
Capital and reserves			
Called up share capital	11	202	202
Share premium account	12	122,889	122,889
Profit and loss account	12	<u>2,719</u>	<u>2,719</u>
Shareholders' funds		<u>125,810</u>	<u>125,810</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

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Approved and authorised for issue by the Board on 18/12/14 and signed on its behalf by


Mr P J Solly
Director

Forest Fuels Holdings Limited

Notes to the Financial Statements

Year Ended 31 March 2014

1 Accounting policies

Basis of preparation

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 amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

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.

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

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.

Asset class

Goodwill

Amortisation method and rate

10 years straight line

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.

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

Asset class	Depreciation method and rate
Plant and machinery	25% reducing balance
Fixtures and fittings	10% reducing balance
Motor vehicles	25% reducing balance
Computer equipment	33% straight line

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks

Deferred tax

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

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

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

2 Operating profit

Operating profit is stated after charging

	2014	2013
	£	£
Operating leases - plant and machinery	95	3,881
Loss on sale of tangible fixed assets	4,273	475
Depreciation	23,017	18,906
Amortisation of goodwill	25,669	25,669
Amortisation of grants	(5,890)	(1,963)

3 Directors' remuneration

The directors' remuneration for the year was as follows

	2014	2013
	£	£
Remuneration	120,000	98,850

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

4 Taxation

Tax on profit on ordinary activities

	2014 £	2013 £
Current tax		
Corporation tax charge	1	-
Deferred tax		
Origination and reversal of timing differences	22,965	26,984
Total tax on profit on ordinary activities	<u>22,966</u>	<u>26,984</u>

5 Intangible fixed assets

Group

	Goodwill £	Total £
Cost		
At 1 April 2013	256,694	256,694
At 31 March 2014	<u>256,694</u>	<u>256,694</u>
Amortisation		
At 1 April 2013	51,248	51,248
Charge for the year	25,669	25,669
At 31 March 2014	<u>76,917</u>	<u>76,917</u>
Net book value		
At 31 March 2014	<u>179,777</u>	<u>179,777</u>
At 31 March 2013	<u>205,446</u>	<u>205,446</u>

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

6 Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 April 2013	140,785	9,952	11,555	1,354	163,646
Additions	59,553	254	-	-	59,807
Disposals	(1,334)	(8,833)	-	-	(10,167)
At 31 March 2014	199,004	1,373	11,555	1,354	213,286
Depreciation					
At 1 April 2013	82,209	4,683	5,114	299	92,305
Charge for the year	15,084	6,024	1,610	299	23,017
Eliminated on disposals	(1,019)	(4,876)	-	-	(5,895)
At 31 March 2014	96,274	5,831	6,724	598	109,427
Net book value					
At 31 March 2014	102,730	(4,458)	4,831	756	103,859
At 31 March 2013	58,576	5,269	6,441	1,055	71,341

Leased assets

Included within the net book value of tangible fixed assets is £6,662 (2013 - £3,757) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £1,117 (2013 - £1,252).

7 Investments held as fixed assets

Company

	2014 £	2013 £
Shares in group undertakings and participating interests	382,630	382,630

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2013	382,630	382,630
At 31 March 2014	382,630	382,630
Net book value		
At 31 March 2014	382,630	382,630
At 31 March 2013	382,630	382,630

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings				
Forest Fuels Limited	England and Wales	Ordinary shares	100%	Provision of forest fuels
English Wood Fuels Limited	England and Wales	Ordinary shares	100%	Provision of forest fuels
Silvapower Limited	England and Wales	Ordinary shares	100%	Provision of forest fuels
North West Wood Fuels Limited	England and Wales	Ordinary shares	100%	Dormant

For the year ending 31 March 2014 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Forest Fuels Limited
English Wood Fuels Limited
Silvapower Limited
North West Wood Fuels Limited

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

8 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	942,783	735,999	-	-
Other debtors	1,054	804	-	-
Deferred tax	11,186	34,151	-	-
Prepayments and accrued income	8,982	6,792	-	-
	<u>964,005</u>	<u>777,746</u>	<u>-</u>	<u>-</u>

Deferred tax

The movement in the deferred tax asset in the year is as follows

	Group	Company
	£	£
At 1 April 2013	34,151	-
Deferred tax charged to the profit and loss account	(22,965)	-
At 31 March 2014	<u>11,186</u>	<u>-</u>

Analysis of deferred tax

Group

	2014	2013
	£	£
Fixed asset timing differences	(9,297)	(13,198)
Tax losses available	20,483	47,349
	<u>11,186</u>	<u>34,151</u>

Company

	2014	2013
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	<u>-</u>	<u>-</u>

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

9 Creditors Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	886,917	689,403	-	-
Bank loans and overdrafts	205,368	-	-	-
Other loans	13,889	93,333	-	-
Obligations under finance lease and hire purchase contracts	2,492	2,037	-	-
Amounts owed to group undertakings	-	-	241,921	227,022
Corporation tax	2	-	-	-
Other taxes and social security	35,826	30,876	-	-
Directors' current accounts	53,079	55,914	4,899	9,798
Accruals and deferred income	98,082	93,568	-	-
Wages and salaries control	23,074	16,506	-	-
Other creditors	6,157	2,794	-	-
Invoice discounting	146,004	108,306	-	-
Deferred consideration	10,000	40,000	10,000	20,000
	<u>1,480,890</u>	<u>1,132,737</u>	<u>256,820</u>	<u>256,820</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the group/company

Group

	2014	2013
	£	£
Hire purchase agreements	2,492	2,037
Invoice discounting	146,004	108,306
Other loans	13,889	93,333
Bank overdrafts	205,368	-
	<u>367,753</u>	<u>203,676</u>

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

10 Creditors: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Other loans	-	145,000	-	-
Obligations under finance lease and hire purchase contracts	38,743	339	-	-
Other creditors	31,593	9,453	-	-
Directors' current accounts	250,365	277,613	-	-
	<u>320,701</u>	<u>432,405</u>	<u>-</u>	<u>-</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the group/company

Group

	2014	2013
	£	£
Other loans	-	145,000
Hire purchase agreements	38,444	340
	<u>38,444</u>	<u>145,340</u>

11 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No	£	No.	£
Ordinary shares of £0.01 each	<u>20,200</u>	<u>202</u>	<u>20,200</u>	<u>202</u>

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

12 Reserves

Group

	Share premium account £	Profit and loss account £	Total £
At 1 April 2013	122,889	81,015	203,904
Profit for the year	-	128,312	128,312
At 31 March 2014	<u>122,889</u>	<u>209,327</u>	<u>332,216</u>

Company

	Share premium account £	Profit and loss account £	Total £
At 1 April 2013	122,889	2,719	125,608
At 31 March 2014	<u>122,889</u>	<u>2,719</u>	<u>125,608</u>

13 Commitments

Operating lease commitments

Group

As at 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2014 £	2013 £
Land and buildings		
Within two and five years	<u>10,598</u>	<u>10,598</u>

Forest Fuels Holdings Limited
Notes to the Financial Statements
Year Ended 31 March 2014
continued

14 Related party transactions

During the year the company made the following related party transactions

Mr P J Solly

The following balance due to Mr P J Solly bears interest at a variable rate and has no fixed terms of repayment

At the balance sheet date the amount due to Mr P J Solly was £298,545 (2013 - £328,032)

Mr S C Whatmore

The following balances bear interest at a variable rate and have no fixed terms of repayment

At the balance sheet date the amount due to Mr S C Whatmore was £4,899 (2013 - £5,496)

15 Control

The company is controlled by the directors who own 96% of the called up share capital