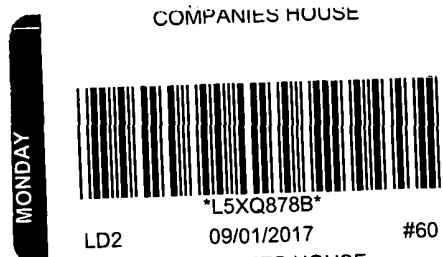


Registered number: 09534132

## **WARREN ENERGY LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MAY 2016**



## **WARREN ENERGY LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	P Barnes R Black P Hauxwell P Lukas
<b>Registered number</b>	09534132
<b>Registered office</b>	10-12 Frederick Sanger Road Guildford Surrey GU2 7YD
<b>Independent auditor</b>	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

# **WARREN ENERGY LIMITED**

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## **WARREN ENERGY LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MAY 2016**

The directors present their report and the financial statements for the fourteen months ended 31 May 2016. The company was incorporated on 9 April 2015.

#### **Principal activities**

The principal activity of the business is the generation and sale of electricity and gas.

#### **Business review**

During the period, the company constructed and completed the commissioning of its 2MW anaerobic digestion plant located in Norfolk and began to successfully export electricity and gas in February 2016.

#### **Directors**

The directors who served during the period were:

P Barnes (appointed 9 April 2015)  
R Black (appointed 9 April 2015)  
P Hauxwell (appointed 9 April 2015)  
P Lukas (appointed 11 November 2015)

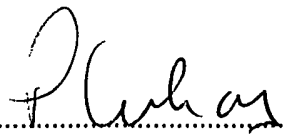
#### **Provision of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 9 January 2017 and signed on its behalf.

  
.....  
**P Lukas**  
Director

## **WARREN ENERGY LIMITED**

### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with the 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 judgements and accounting estimates that are reasonable and prudent; 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.

## **WARREN ENERGY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARREN ENERGY LIMITED**

We have audited the financial statements of Warren Energy Limited for the period ended 31 May 2016 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

#### **Respective responsibilities of directors and auditors**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## WARREN ENERGY LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARREN ENERGY LIMITED

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

**BDO LLP**

**Nick Poulter** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Guildford  
United Kingdom

Date: 9 January 2017

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

**WARREN ENERGY LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 MAY 2016**

	<b>Note</b>	<b>14 months ended 31 May 2016 £</b>
<b>TURNOVER</b>	1,2	<b>119,067</b>
Cost of sales		<u><b>(461,994)</b></u>
<b>GROSS LOSS</b>		<b>(342,927)</b>
Administrative expenses		<u><b>(231,948)</b></u>
<b>OPERATING LOSS</b>	3	<b>(574,875)</b>
Interest payable and similar charges		<u><b>(962,037)</b></u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,536,912)</b>
Tax on loss on ordinary activities	4	<u><b>-</b></u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>	11	<u><u><b>(1,536,912)</b></u></u>

The company has no recognised gains or losses for the period other than the results above. All amounts relate to continuing activities.

The notes on pages 7 to 11 form part of these financial statements.



**WARREN ENERGY LIMITED**  
**REGISTERED NUMBER: 09534132**

**BALANCE SHEET**  
**AS AT 31 MAY 2016**

	Note	£	£
<b>FIXED ASSETS</b>			
Tangible assets	5		10,525,483
<b>CURRENT ASSETS</b>			
Stocks	6	289,882	
Debtors	7	623,717	
Cash at bank		<u>484,250</u>	
			1,397,849
<b>CREDITORS:</b> amounts falling due within one year	8	<u>(1,329,608)</u>	
<b>NET CURRENT ASSETS</b>			<u>68,241</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			10,593,724
<b>CREDITORS:</b> amounts falling due after more than one year	9	<u>(8,630,637)</u>	
<b>NET ASSETS</b>			<u>1,963,087</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10		35,000
Share premium account	11		3,464,999
Profit and loss account	11		<u>(1,536,912)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,963,087</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 January 2017.



.....  
**P Lukas**  
 Director

The notes on pages 7 to 11 form part of these financial statements.

## WARREN ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2016

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

##### 1.2 Going concern

Following the receipt of funds from the issue of shares during the period, and additional funds loaned by the parent company post period end (see Note 14), the directors, having made appropriate enquiries, are satisfied that the company has adequate resources to continue trading for the foreseeable future.

As a result, the directors believe that it is appropriate to continue to prepare the financial statements on a going concern basis.

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of sales of electricity and gas. Turnover is recognised on a monthly basis as output is transferred.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land	-	Not depreciated
Plant and machinery	-	Over 20 years for all assets other than major components with a shorter useful economic life, as detailed below
Plant and machinery – engines	-	Over 120,000 running hours
Plant and machinery – mixers	-	Over 2 years
Motor vehicles	-	Over 4 years
Office furniture	-	Over 4 years

##### 1.5 Stocks

Stocks represent costs of energy crops for use as a feedstock in biogas generation, and spare parts held for use on site. All stocks are valued at the lower of cost and net realisable value.

##### 1.6 Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

## WARREN ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2016

#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

#### 2. TURNOVER

All turnover arose within the United Kingdom.

#### 3. OPERATING LOSS

The operating loss is stated after charging:

	14 months ended 31 May 2016 £
Depreciation of tangible fixed assets:	
- owned by the company	42,678
Auditor's remuneration	<u>6,000</u>

During the period, no director received any emoluments.

#### 4. TAXATION

	14 months ended 31 May 2016 £
UK corporation tax charge on loss for the period	<u>-</u>

##### Factors that may affect future tax charges

The company has taxable losses of £3,428,593 which are to be carried forward and used against trading profits in future years.

A deferred tax asset of £276,317 has not been recognised on the basis that the company has not completed a full year of commercial operations at the balance sheet date and therefore there is uncertainty regarding the timing of future profits against which this asset can be recovered.

**WARREN ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MAY 2016**

**5. TANGIBLE FIXED ASSETS**

	Land £	Plant and machinery £	Office furniture £	Motor vehicles £	Total £
<b>Cost</b>					
Additions	<u>732,231</u>	<u>9,822,766</u>	<u>1,164</u>	<u>12,000</u>	<u>10,568,161</u>
At 31 May 2016	<u>732,231</u>	<u>9,822,766</u>	<u>1,164</u>	<u>12,000</u>	<u>10,568,161</u>
<b>Depreciation</b>					
Charge for the period	<u>-</u>	<u>42,458</u>	<u>20</u>	<u>200</u>	<u>42,678</u>
At 31 May 2016	<u>-</u>	<u>42,458</u>	<u>20</u>	<u>200</u>	<u>42,678</u>
<b>Net book value</b>					
At 31 May 2016	<u><u>732,231</u></u>	<u><u>9,780,308</u></u>	<u><u>1,144</u></u>	<u><u>11,800</u></u>	<u><u>10,525,483</u></u>

**6. STOCKS**

	2016 £
Feedstock	286,551
Spare parts	3,331
	<u>289,882</u>

**7. DEBTORS**

	2016 £
Trade debtors	26,005
Other debtors	183,439
Prepayments & accrued income	414,273
	<u>623,717</u>

**8. CREDITORS:  
Amounts falling due within one year**

	2016 £
Trade creditors	946,010
Other creditors	114,475
Accruals and deferred income	269,123
	<u>1,329,608</u>

**WARREN ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MAY 2016**

**9. CREDITORS:**  
**Amounts falling due after more than one year**

	2016 £
Loans	<u><u>8,630,637</u></u>

Included within the above are amounts falling due as follows:

	2016 £
<b>Between two and five years</b>	
Term loan	7,436,017
Loan from parent company	1,194,620
	<u><u>8,630,637</u></u>

The term loan is secured by a debenture over the property and assets of the company. Interest is payable at a rate of 12% per annum.

The loan from the parent company is unsecured. Interest is payable at a rate of 14% per annum.

**10. SHARE CAPITAL**

	2016 £
<b>Allotted, called up and fully paid</b>	
3,500,000 Ordinary shares of £0.01 each	<u><u>35,000</u></u>

1 Ordinary share was issued on 9<sup>th</sup> April 2015 at par. 3,499,999 Ordinary shares were issued on 10<sup>th</sup> July 2015 at a premium of £0.99 per share.

**11. RESERVES**

	Share premium account £	Profit and loss account £
Loss for the financial period		(1,536,912)
Premium on shares issued during the period	3,464,999	
At 31 May 2016	<u><u>3,464,999</u></u>	<u><u>(1,536,912)</u></u>

## WARREN ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2016

#### 12. RELATED PARTY TRANSACTIONS

During the period, transactions with the following related parties occurred:

Future Biogas Limited	- P Lukas and P Hauxwell are directors. P Lukas is also a shareholder
Lapwing Farming Limited	- P Lukas and P Hauxwell are directors. P Lukas is also a shareholder
Redstow Renewables Limited	- P Lukas is a director
Warren Power Limited	- 100% shareholder in Warren Energy Limited; - R Black, P Hauxwell and P Lukas are directors
Amersham Investment Management Ltd	- P Barnes is a director
N von Groote-Lukas	- Wife of P Lukas

During the period, the company:

- Paid management fees of £365,591, purchased fixed assets totalling £1,201,295, and paid operating costs of £153,080 to Future Biogas Limited;
- Purchased £88,451 feedstock from Lapwing Farming Limited;
- Paid £218 to Redstow Renewables Limited for operating costs;
- Paid £97,052 to Amersham Investment Management Ltd for investment related services; and
- Paid £604 to N von Groote-Lukas for consultancy services.

During the period, Warren Power Limited loaned £1,194,620 to the company. Interest totalling £113,982 accrued throughout the period. In addition, Warren Power Limited paid net costs of £15,667 on the company's behalf.

At the period end, the following amounts were due to the related parties:

	<b>31 May 2016 £</b>
Future Biogas Limited	<b>(225,804)</b>
Redstow Renewables Limited	<b>(262)</b>
Warren Power Limited	<b>(1,324,269)</b>

#### 13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is wholly owned by Warren Power Limited, a company registered in England and Wales.

There is no one ultimate controlling party.

#### 14. POST BALANCE SHEET EVENTS

On 9 September 2016, the company's parent company (Warren Power Limited) agreed to increase its loan facility by £725,000 of which £642,570 has since been drawn down. As with the balance outstanding as at 31 May 2016, the additional loan is unsecured, repayable on 31 July 2020 and incurs interest at 14% per annum.

On 23 September 2016, the company signed an agreement with Longhedge Renewables Limited (R Black and P Lukas are directors) whereby Longhedge Renewables Limited will deliver approximately 16,000 tonnes per annum of straw-based feedstock for a period of five years.

On 23 December 2016, following the resolution of a dispute, an agreement was signed confirming that €137,012 will be paid to a supplier in full settlement of £272,240 showing as being owed to that supplier (and included within Trade payables) as at 31 May 2016.