Financial Statements
Agrivert (South Wales) Limited

For the Period Ended 31 December 2015

Registered number: 09689123

Company Information

Directors	R B A Maddan P J Earl H G Waters
Company secretary	P J Earl
Registered number	09689123
Registered office	The Stables Radford Oxfordshire OX7 4EB
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South Oxford Oxfordshire OX4 2WB

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Directors' Report
For the Period Ended 31 December 2015

The Directors present their report and the financial statements for the period ended 31 December 2015.

Principal activity

The Company was incorporated on 16 July 2015.

The principal activity of the Company was the construction of an anaerobic digestion facility used for the processing and recycling of waste.

Results

The profit for the period, after taxation, amounted to £nil.

Directors

The Directors who served during the period were:

R B A Maddan (appointed 20 August 2015)
P J Earl (appointed 16 July 2015)
H G Waters (appointed 16 July 2015)

Directors' responsibilities statement

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 year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements and then apply them consistently;
- make judgments 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.

Directors' Report
For the Period Ended 31 December 2015

Disclosure 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 relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Grant Thornton UK LLP were appointed as auditors during the period to fill a casual vacancy in accordance with section 485(3) of the Companies Act 2006.

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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 28 September 2016 and signed on its behalf.

P J Earl
Director

Grant Thornton

Independent Auditor's Report to the Members of Agrivert (South Wales) Limited

We have audited the financial statements of Agrivert (South Wales) Limited for the period ended 31 December 2015, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Auditing Practices Board'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 Financial Reporting Council's website at 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 December 2015 and of its results for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent Auditor's Report to the Members of Agrivert (South Wales) 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 take advantage of the small companies' exemption from the requirement to prepare a strategic report and in preparing the Directors' report.

Grant Thornton UK LLP

Tracey James (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Oxford
Date:
29 September 2016

Statement of Income and Retained Earnings
For the Period Ended 31 December 2015

The Company has neither received income nor incurred any expenses therefore making neither a profit nor a loss.

Balance Sheet
As at 31 December 2015

	Note		2015 £
Fixed assets			
Tangible assets	4		2,793,444
Current assets/(liabilities)			
Debtors: amounts falling due within one year	5	524,681	
Creditors: amounts falling due within one year	6	(1,650,187)	
Net current (liabilities)/assets			(1,125,506)
Creditors: amounts falling due after more than one year	8		(1,666,938)
Net assets			1,000
Capital and reserves			
Called up share capital	9		1,000
			1,000

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

P J Earl 29 September 2016
Director

The notes on pages 7 to 13 form part of these financial statements.

Notes to the Financial Statements
For the Period Ended 31 December 2015

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 Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Agrivert Holdings Limited for the year ended 31 December 2015 and these financial statements may be obtained from Companies House.

1.3 Going concern

The financial statements are prepared on the going concern basis. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all the relevant available information about the future trading including profit and cash position. The directors consider it appropriate to adopt the going concern basis of accounting in the preparation of the annual financial statements.

1.4 Tangible fixed assets

Tangible fixed assets are recorded under the cost model 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

Notes to the Financial Statements
For the Period Ended 31 December 2015

1. Accounting policies (continued)

Depreciation is provided on the following basis:

Assets under construction	- No depreciation is charged until the asset is fully operational

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the period of the lease.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements
For the Period Ended 31 December 2015

1. Accounting policies (continued)

1.7 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
For the Period Ended 31 December 2015

1. Accounting policies (continued)

1.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except where attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity. Such tax is recognised in other comprehensive income or directly in equity as appropriate.

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

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.10 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest 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.

Interest incurred on a bank loan used to fund the construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

The capitalisation of borrowing costs ceases when substantially all of the activities necessary to prepare the qualifying asset for intended use or sale are complete.

Notes to the Financial Statements
For the Period Ended 31 December 2015

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect on the Income Statement, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgments that management have made in the process of applying accounting policies disclosed here and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

3. Employees

The Company has no employees other than the Directors, who did not receive any emoluments. Directors are remunerated through Agrivert Ltd.

4. Tangible fixed assets

	Assets under construction £
Cost or valuation	
Additions	2,793,444
At 31 December 2015	2,793,444
Net book value	
At 31 December 2015	2,793,444

Notes to the Financial Statements

For the Period Ended 31 December 2015

5. Debtors

	2015
	£
VAT receivable	**524,681**

6. Creditors: Amounts falling due within one year

	2015
	£
Amounts owed to group undertakings	**1,650,187**

7. Financial instruments

Financial assets measured at amortised cost comprise VAT receivable of £524,681.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings of £3,317,125.

8. Creditors: Amounts falling due after more than one year

	2015
	£
Amounts owed to group undertakings	**1,666,938**

Amounts owed to group undertakings falling due after more than one year have no fixed repayment date and attract interest of 7.95%.

9. Share capital

	2015
	£
Allotted, called up and fully paid	
1,000 Ordinary shares of £1 each	**1,000**

1,000 ordinary shares were issued on incorporation, with an aggregate nominal value of £1,000.

Notes to the Financial Statements

For the Period Ended 31 December 2015

10. Contingent liabilities

The Company is party to a cross guarantee in respect of borrowings of the Company's immediate parent company Agrivert Biogas Limited. Agrivert Biogas Limited has borrowings of £43,145,457 as at 31 December 2015 relating to a 17- year term loan facility of £62.5m with GCP Biomass 5 Ltd, due for repayment by November 2032 (2014: £nil). This loan is secured by a fixed and floating charge over all of the property or undertaking of the Company, as well as a charge over the leasehold land at Stormy Down Pyle, Bridgend.

11. Capital commitments

The Company had a commitment under an EPC contract to construct an anaerobic digestion plant at a total cost of £13.9m of which £2.8m had been spent by the year end. The total remaining commitment at the year end was therefore £11.1m.

12. Commitments under operating leases

At 31 December 2015, the Company had an obligation to pay future minimum payments over the lifetime of non-cancellable operating leases as follows:

	2015
	£
Payable in less than 1 year	60,000
Payable in 2 - 5 years	198,286
Payable in more than 5 years	869,886
Total	**1,128,172**

The amounts above include a property lease which has inflationary increase clauses linked to RPI and rental charges directly related to revenue generated from tonnage processed at the related plant, the latter of which has been excluded from the amounts disclosed in accordance with FRS 102.

13. Related party transactions

There are no related party transactions which are required to be disclosed under FRS 102 section 33.1A.

14. Ultimate parent undertaking and controlling party

The Directors consider that Agrivert Biogas Limited is the company's immediate parent undertaking for the current financial year. The ultimate parent company is Agrivert Holdings Limited, for which consolidated accounts are publically available.

The Directors consider the ultimate controlling party is Highland Trust through its 100% ownership of Green Renewable Energy Limited which owns 58% of Agrivert Holdings Limited.