Avonmouth Bio Power Limited

Annual report and financial statements

Registered number 09626128

Year ended 31 August 2017

Contents

Company Information

Directors
NS Dhillon
D Pike
IC Brooking
MS Scobie
SW Blasé

Registered number

09626128

Registered office

Blythe House
Blythe Business Park
Cresswell Lane
Stoke-on-Trent
ST11 9RD

Independent auditor

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

Strategic report

Review of the business

Avonmouth Bio Power Limited's ("ABP") plant at Avonmouth was established in 2013 to process Refused Derived Fuel ("RDF") from the adjacent New Earth Solutions Group Limited's ("NESG") mechanical and biological treatment ("MBT") works. The site is strategically located next to the Bristol conurbation and on the inter-section of the M5/M4 motorways, resulting in a vast hinterland to attract clients.

The plant was developed as an advanced thermal treatment facility capable of processing 120,000 tonnes per annum of RDF using staged pyrolysis and gasification technology.

The freehold site and plant benefit from full planning and permitting for this operation and has an export grid connection of 13MW. Uniquely the site also benefits from grandfathered double Renewable Obligation Credits ("ROCs") for processing organic waste until 2033.

From commencement of operations the plant always operated at below its design point and this led to reduced thermal output and reduced availability. This lack of performance and hence lack of revenue generation resulted in a decision to suspend operations at the plant with a view to implementing a major redevelopment programme.

During the year to 31st August 2017 the existing plant has been maintained in a safe condition in readiness of the implementation of that redevelopment programme.

Technology suppliers, EPC and O&M Contractors, funding organisations and engineering consultancies have all been in discussions with the company throughout the year, and plans for the redevelopment phase have been materially progressed.

The detailed implementation plans for the redevelopment are currently being finalised and it is anticipated that these works will commence during the first half of 2018 and that operations at the plant may re-commence in early 2020.

Risks and uncertainties

Successive UK governments have highlighted the need to develop increased generation of electricity from sustainable and renewable resources. The risk and uncertainties have been greatly reduced by the change to a more readily available, consistent and contracted biomass feedstock and a change of technology that is proven in operation, this change make best use of the existing Renewable Obligation benefit to maximise ongoing revenues through the generation of renewable electricity.

By order of the board

4th May 2018

I C Brooking
Director

2018

Directors' report

The directors present their report and the financial statements for the year ended 31 August 2017. The comparative period shown is for the period ended 31 August 2016.

Principal activities

The principal focus of the business, i.e. the operation of a 14.8MW energy from waste plant based in Avonmouth, Bristol, was suspended whilst the plant is redeveloped.

Proposed dividend

The directors do not recommend the payment of a dividend *(period ended 31 August 2016: £nil).*

Directors

The directors who held office during the year and subsequently were as follows:

NS Dhillon	
MS Scobie	
IC Brooking	
D Pike	Resigned 29th March 2018
IY Miller	Appointed 29th March 2018
SW Blasé	
RH McPherson	Resigned 21st September 2016

Overview

The Energy from Waste plant is to be redeveloped, and so operations are suspended whilst plans for that redevelopment are progressed.

Operational Performance

As stated in the 2016 report a strategic decision was made to suspend activity at the plant to undertake a major redevelopment programme. This decision was implemented and the plant did not operate during the year to 31 August 2017.

Post balance sheet events

Since the period end good progress has been made with regard to the redevelopment plans of the site and the timetable to commence works in the first half of 2018 with operations at the plant re-commencing in 2020 remaining realistic.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

4th May 2018

I C Brooking
Director

Blythe House
Blythe Business Park
Cresswell Lane
Stoke-on-Trent
ST11 9RD
2018

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP

66 Queen Square
Bristol
BS1 4BE
United Kingdom

Independent auditor's report to the members of Avonmouth Bio Power Limited

Opinion

We have audited the financial statements of Avonmouth Bio Power Limited ("the company") for the year ended 31 August 2017 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

James Ledward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

14 May 2018

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 August 2017

	Note	**Year ended 31 August 2017 £**	7 months ended 31 August 2016 £
Turnover	*2*	**444,016**	2,772,951
Cost of sales		**(5,671)**	(3,585,512)
Gross profit/(loss)		**438,345**	(812,561)
Goodwill amortisation		**349,740**	204,015
Administrative expenses	*3*	**(2,887,419)**	(3,205,082)
Other operating income	*3*	**-**	3,222,196
Operating loss	*4-5*	**(2,099,334)**	(591,432)
Interest payable and similar expenses	*6*	**(3,966,782)**	(1,978,487)
Loss before taxation		**(6,066,116)**	(2,569,919)
Tax on loss	*7*	**(80,789)**	1,949,193
Loss for the financial year		**(6,146,905)**	(620,726)
Total comprehensive loss for the year		**(6,146,905)**	(620,726)

There was no other comprehensive income for the current year or preceding period other than that included in the profit and loss account. All profits and losses relate to continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

Consolidated Balance Sheet
as at 31 August 2017

	Note	31 August 2017 £	31 August 2017 £	31 August 2016 £	31 August 2016 £
Fixed assets					
Negative goodwill	8		**(5,983,248)**		(6,332,988)
Tangible assets	9		**22,741,167**		23,463,803
			16,757,919		17,130,815
Current assets					
Debtors	11	**460,809**		2,205,727	
Cash	12	**1,321,588**		790,567	
		1,782,397		2,996,294	
Creditors: amounts falling due within one year	13	**(16,480,979)**		(13,171,315)	
Net current liabilities			**(14,698,582)**		(10,175,021)
Total assets less current liabilities			**2,059,337**		6,955,794
Creditors: amounts falling due after more than one year	14		**(14,323,021)**		(13,084,919)
Provisions for liabilities					
Deferred tax	15		**(226,803)**		(214,457)
Net liabilities			**(12,490,487)**		(6,343,582)
Capital and reserves					
Called up share capital	16		**200**		200
Profit and loss account	16		**(12,490,687)**		(6,343,782)
Shareholders' deficit			**(12,490,487)**		(6,343,582)

These financial statements were approved by the board of directors on 4/5/18 and were signed on its behalf by:

4th May 2018

I C Brooking
Director

The notes on pages 14 to 26 form part of these financial statements.

Company Balance Sheet
as at 31 August 2017

	Note	31 August 2017		31 August 2016	
		£	£	£	£
Fixed assets					
Investments	10		**1,317,530**		1,317,530
Current assets					
Debtors	11	**20,523,506**		20,523,506	
Cash		**4,282**		4,444	
		20,527,788		20,527,950	
Creditors: amounts falling due within one year	13	**(15,524,631)**		(12,796,122)	
Net current assets			**5,003,157**		7,731,828
Total assets less current liabilities			**6,320,687**		9,049,358
Creditors: amounts falling due after more than one year	14		**(14,323,021)**		(13,084,919)
Provisions for liabilities					
Deferred tax	15		**-**		-
Net liabilities			**(8,002,334)**		(4,035,561)
Capital and reserves					
Called up share capital	16		**200**		200
Profit and loss account	16		**(8,002,534)**		(4,035,761)
Shareholders' deficit			**(8,002,334)**		(4,035,561)

These financial statements were approved by the board of directors on 4/5/18 and were signed on its behalf by:

I C Brooking
Director

4th May 2018

Company registered number: 09626128

The notes on pages 14 to 26 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 February 2016	200	(5,723,056)	(5,722,856)
Total comprehensive income for the period			
Profit or loss	-	(620,726)	(620,726)
Total comprehensive loss for the period	-	(620,726)	(620,726)
Balance at 31 August 2016	**200**	**(6,343,782)**	**(6,343,582)**
Balance at 1 September 2016	200	(6,343,782)	(6,343,582)
Total comprehensive income for the year	-	(6,146,905)	(6,146,905)
Profit or loss			
Total comprehensive loss for the year	-	(6,146,905)	(6,146,905)
Balance at 31 August 2017	**200**	**(12.490,687)**	**(12,490,487)**

The notes on pages 14 to 26 form part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 February 2016	200	(2,014,832)	(2,014,632)
Total comprehensive income for the period			
Profit or loss	-	(2,020,929)	(2,020,929)
Total comprehensive loss for the period	-	(2,020,929)	(2,020,929)
Balance at 31 August 2016	**200**	**(4,035,761)**	**(4,035,561)**
Balance at 1 September 2016	200	(4,035,761)	(4,035,561)
Total comprehensive income for the year			
Profit or loss	-	(3,966,773)	(3,966,773)
Total comprehensive loss for the year	-	(3,966,773)	(3,966,773)
Balance at 31 August 2017	**200**	**(8,002,534)**	**(8,002,334)**

The notes on pages 14 to 26 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 August 2017

	Note	Year ended 31 August 2017 £	7 months ended 31 August 2016 £
Cash flows from operating activities			
Loss for the year		**(6,146,905)**	(620,726)
Adjustments for:			
Depreciation, amortisation and impairment		**704,296**	581,015
Interest payable and similar charges		**3,741,238**	1,943,099
Taxation		**12,346**	(15)
		(1,689,025)	1,903,373
(Increase)/decrease in trade and other debtors		**1,744,918**	(345,087)
Decrease/(increase) in stocks		**-**	5,111
Decrease in trade and other creditors		**806,528**	(1,808,885)
Net cash from operating activities		**862,421**	(245,488)
Cash flows from investing activities			
Acquisition of a subsidiary		**-**	-
Acquisition of tangible fixed assets		**(331,400)**	-
Net cash from investing activities		**-**	-
Cash flows from financing activities			
Proceeds from the issue of share capital		**-**	-
Proceeds from new loan		**-**	-
Repayment of borrowings		**-**	-
Net cash from financing activities		**-**	-
Net (decrease)/increase in cash and cash equivalents		**531,021**	(245,488)
Cash and cash equivalents on incorporation		**790,567**	1,036,055
Cash and cash equivalents at 31 January 2017	*12*	**1,321,588**	790,567

The notes on pages 14 to 26 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Avonmouth Bio Power Limited (the "Company") is a company limited by shares and incorporated and domiciled in England in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the Company's net liabilities of £8,002,334 and the Group's net liabilities of £12,490,487 which the Directors believe to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by the shareholders, Aurium Avonmouth LLP. The shareholders have provided the Company and its subsidiaries with an undertaking that, for at least 12 months from the date of approval of these financial statements, the shareholders intend to continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available by the shareholders. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. In addition, this should enable the Company to meet its obligations in relation to works required for redevelopment activities. At the date of approval of these financial statements, the Directors have no reason to believe that this support will not continue.

As with any company placing reliance on other entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statement, they have no reason to believe that it will not do so. Based on this understanding, the Directors believe that it is appropriate to prepare financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiary undertakings made up to 31 August 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the parent company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the parent company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Plant and machinery – Straight line over 20 years
- Office equipment – Straight line over 3 years
- Energy from waste facilities – Straight line over 20 years
- Construction work in progress – Straight line over 20 years from the of the plant become fully operational

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

Intangible assets

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Turnover

Turnover comprises revenue recognised by the Group in respect of good and services supplied, exclusive of value added tax and trade discounts, and includes i) fees for the processing of waste product received ("gate fees"), ii) income received for the sale of electricity exported to the National Grid, and iii) Renewable Energy Obligation Certificate income ("ROCs").

Revenue from gate fees are recognised on a monthly basis in the period in which the waste product is processed. Revenue from the sale of electricity is recognised in the period in which the output is delivered.

ROCs are issued to the Group by the Government for the sale of electricity from renewable sources, and claimed from Ofgem on a three-monthly cycle. Revenue is recognised as power is generated.

Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest payable

Borrowing costs that are directly attributable to the acquisition, 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/are expensed as incurred.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Turnover

	Year ended 31 August 2017 £	7 months ended 31 August 2016 £
Gate fees	-	1,601,095
Power	**47,336**	505,779
Roc's LEC's	**248**	660,942
Recharged electricity	**315,796**	-
Other income	**80,636**	5,135
Total turnover	**444,016**	2,772,951

The whole of turnover arises solely within the United Kingdom.

3 Expenses, other operating income and auditor's remuneration

Included in profit/loss are the following:

	Year ended 31 August 2017 £	7 months ended 31 August 2016 £
Amortisation of negative goodwill	**(349,740)**	(204,015)
Research and development expensed as incurred	-	-
R&D tax credit	-	3,222,196
Depreciation of tangible fixed assets:		
- owned by the Group	**1,054,036**	823,811

Auditor's remuneration:

	Year ended 31 August 2017 £	7 months ended 31 August 2016 £
Audit of these financial statements	**5,000**	6,500
Amounts receivable by the company's auditor and its associates in respect of:		
- Audit of financial statements of subsidiaries of the company	**14,250**	23,750
- Taxation compliance services	**10,000**	10,000
- Other tax advisory services	-	-

Notes *(continued)*

4 Staff number and costs

The average number of persons employed by the Group during the period, including the directors, was as follows:

	Year ended 31 August 2017	7 months ended 31 August 2016
	No.	No.
Maintenance	**5**	10
Administration	**-**	49
	5	59

The aggregate payroll costs of these persons were as follows:

	Year ended 31 August 2017	7 months ended 31 August 2016
	£	£
Wages and salaries	**202,003**	1,377,909
Social security costs	**24,006**	135,677
Other pension costs	**9,409**	34,792
	235,418	1,548,378

5 Directors' remuneration

None of the directors had a service contract with the Company in the current or previous financial period. They are all employed by the shareholders and no portion of their remuneration can be specially attributed to their services to the Company.

6 Interest payable and similar expenses

	Year ended 31 August 2017	7 months ended 31 August 2016
	£	£
Interest payable on financial liabilities	**3,966,782**	1,978,487
Total other interest payable and similar expenses	**3,966,782**	1,978,487

Notes *(continued)*

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 31 August 2017		7 months ended 31 August 2016	
	£	**£**	£	£
Current tax				
Current tax on income for the period	**68,443**		(710,159)	
Adjustments in respect of prior periods	-		(1,239,019)	
Total current tax		**68,443**		(1,949,178)
Deferred tax (see note 15)				
Origination and reversal of timing differences	**12,346**		(15)	
Change in tax rate	-		-	
Total deferred tax		**12,346**		(15)
Total tax charge/(credit) included in profit and loss		**80,789**		(1,949,193)

Reconciliation of effective tax rate

	Year ended 31 August 2017	7 months ended 31 August 2016
	£	£
Loss for the period	**(6,146,905)**	(620,726)
Total tax charge/(credit)	**80,789**	(1,949,193)
Loss excluding taxation	**(6,066,116)**	(2,569,919)
Tax using the UK corporation tax rate of 19.58% *(7 months ended 31 January 2017: 20%)*	**(1,187,794)**	(513,984)
Reduction in tax rate on deferred tax balances	**1,054,309**	7,748
Non-deductible expenses	**24,423**	(288,302)
Over provided in prior years	-	(1,239,019)
Fixed assets differences	**12,806**	8,135
Current year losses for which no deferred tax asset was recognised	**177,045**	76,229
Total tax charge/(credit) included in profit or loss	**80,789**	(1,949,193)

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2nd July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26th October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6th September 2016. This will reduce the company's future current tax charge accordingly

Notes *(continued)*

8 Goodwill

Group	Negative goodwill £
Cost	
Balance at 1 September 2016 and 31 August 2017	(6,711,873)
Amortisation and impairment	
Balance at 1 September 2016	378,885
Amortisation in the period	349,740
Balance at 31 August 2017	728,625
Net book value	
At 31 August 2016	(6,332,988)
At 31 August 2017	**(5,983,248)**

Notes *(continued)*

9 Tangible fixed assets

Group	Freehold land £	Plant and machinery £	Fixtures and fittings £	Energy from waste facilities £	Construction work in progress £	Total £
Cost						
At 1 September 2016	1,593,271	783,995	51,717	22,378,388	25,000	24,832,371
Additions	-	331,400	-	-	-	331,400
At 31 August 2017	1,593,271	1,115,395	51,717	22,378,388	25,000	25,163,771
Depreciation						
At 1 September 2016	-	92,229	11,395	1,264,944	-	1,368,568
Charge for the period	-	83,143	10,519	960,374	-	1,054,036
At 31 August 2017	-	175,372	21,914	2,225,318	-	2,422,604
Net book value						
At 31 August 2016	1,593,271	691,766	40,322	21,113,444	25,000	23,463,803
At 31 August 2017	**1,593,271**	**940,023**	**29,803**	**20,153,070**	**25,000**	**22,741,167**

Company

The company held no tangible fixed assets as at 31 August 2017.

10 Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 September 2016 and at 31 August 2017	1,317,530

The undertakings in which the company's interest at the year-end is more than 20% are as follows.

	Country of incorporation	Principal activity	Class and percentage of shares held	
Subsidiary undertakings				
Avonmouth Bio Power Energy Limited	United Kingdom	Waste-to-energy supply	Ordinary	100%
Avonmouth Bio Power Property Limited	United Kingdom	Investment property	Ordinary	100%
Avonmouth Bio Power (Operations) Limited	United Kingdom	Group payroll services	Ordinary	100%
Avonmouth Bio Power Contracting Limited	United Kingdom	Non-trading	Ordinary	100%

The registered address of all the subsidiary undertakings listed above is: Blythe House, Blythe Business Park, Cresswell, Stoke-on-Trent, ST11 9RD.

Notes *(continued)*

11 Debtors

	Group 31 August 2017 £	31 August 2016 £	Company 31 August 2017 £	31 August 2016 £
Trade debtors	**282,791**	106,785		-
Amounts owed by group undertakings	**-**	-	**20,523,306**	20,523,306
Other debtors	**178,018**	2,098,942	**200**	200
	452,617	2,205,727	**20,523,506**	20,523,506

All amounts shown under debtors fall due for payment within one year.

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

12 Cash and cash equivalents

	Group 31 August 2017 £	31 August 2016 £
Cash at bank and in hand	**1,321,588**	790,567
Cash and cash equivalents per cash flow statement	**1,321,588**	790,567

13 Creditors: amounts falling due within one year

	Group 31 August 2017 £	31 August 2016 £	Company 31 August 2017 £	31 August 2016 £
Trade creditors	**622,386**	254,928	**-**	-
Amounts owed to group undertakings	**-**	-	**-**	1
Loans	**15,299,257**	12,796,121	**15,524,631**	12,796,121
Other creditors	**559,336**	120,266	**-**	-
	16,480,979	13,171,315	**15,524,631**	12,796,122

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	Group		Company	
	31 August 2017	31 August 2016	**31 August 2017**	31 August 2016
	£	£	**£**	£
Loans	**14,323,021**	13,084,919	**14,323,021**	13,084,919
	14,323,021	13,084,919	**14,323,021**	13,084,919

Interest-bearing loans and borrowings

Included in loans and borrowings are the following:

	Group		Company	
	31 August 2017	31 August 2016	**31 August 2017**	31 August 2016
	£	£	**£**	£
Loan 1	**14,323,021**	13,084,919	**14,323,021**	13,084,919
Loan 2	**15,299,257**	12,796,121	**15,299,257**	12,796,121
	29,622,278	25,881,040	**29,622,278**	25,881,040

Loan 1 has a principal value of £11,860,380, matures on 25 July 2018 and carries an interest rate of 9% per annum.

Loan 2 has a principal value of £10,500,000 matures on 30 June 2018 and carries an interest rate of 18% per annum.

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	31 August 2017	31 August 2016	**31 August 2017**	31 August 2016
	£	£	**£**	£
Accelerated capital allowances	**214,457**	240,171	-	-
Other	**12,346**	(25,714)	-	-
Tax (assets) / liabilities	**226,803**	214,457	-	-

In accordance with FRS 102.29, deferred tax assets are only recognised to the extent that it is probable they are recoverable against future taxable profits or deferred tax liability reversals. Accordingly a deferred tax asset of £11,089,510 (Group) and £3,428 (Company) *(31 August 2016: £10,595,555 (Group) and £7,170 (Company))* has not been recorded on the grounds that there is currently insufficient evidence that the asset will be recoverable against suitable taxable profits in the short term.

The deferred tax asset at 31 August 2017 has been calculated based on the rate of 17% *(31 August 2016: 18%)* substantially enacted at the balance sheet date (see note 7).

Notes *(continued)*

16 Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	Group		**Company**	
	31 August 2017	31 August 2016	**31 August 2017**	31 August 2016
	£	£	**£**	£
Allotted, called up and fully paid				
200 ordinary shares of £1 each	**200**	200	**200**	200

Reserves

	Group Profit and loss account	**Company Profit and loss account**
	£	**£**
On 31 August 2016	(6,343,782)	(4,035,761)
Loss for the year	(6,146,905)	(3,966,573)
At 31 August 2017	**(12,490,687)**	**(8,002,334)**

17 Commitments

Neither the Group nor the parent company held any capital commitments as at 31 August 2017 *(31 August 2016: Group: £nil; Company: £nil).*

18 Related party transactions

The company has taken advantage of the exemption contained in FRS 102.33 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £nil (2016: £nil).

Notes *(continued)*

18 Related party transactions *(continued)*

Other related party transactions

- Management fees to Cogen UK Ltd totalling £58,685 have been incurred during the period with an outstanding balance at the end of the year of £8,834.

19 Ultimate parent undertaking

As at 31 August 2017, the immediate parent company is Aurium Avonmouth LLP, registered office, Blythe House, Blythe Business Park, Cresswell Lane, Stoke-on-Trent, ST11 9RD, a Limited Liability Partnership incorporated in the United Kingdom, by virtue of its ownership of 85% of the issued share capital of the Company.

Aurium Avonmouth LLP is a subsidiary undertaking of Aurium Capital Markets LLP, registered office, Third Floor, 86 Brook Street, London, WK1 5AY, a Limited Liability Partnership incorporated in the United Kingdom, which is considered to be the ultimate parent company.

20 Accounting estimates and judgements

In the application on the Company's accounting policies which are described in Note 1, the directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the Company's accounting policies

The Company holds on its balance sheet fixed assets related to Energy from waste facilities and Assets under construction. The carrying value recognised for these assets are included on the judgement that they will be recovered. These judgements are based on an assessment of impairment indicators which are reviewed by management on an annual basis, and also upon valuations provided in the financial year by external, independent valuers, each of whom have an appropriate recognised professional qualification and relevant experience.

Deferred tax assets are recognized for unused tax losses, to the extent that it is probable that future taxable income will be available against which they can be utilized. These estimates are reviewed at every reporting date. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income.

Tax credits relating to R&D activities include an element of judgement and subjectivity as the amounts recognised in the accounts are a best estimate of what is expected to be received. Management employ an external tax adviser to assist with the R&D claims and provide a detailed assessment of the likely amount to be received.

Notes *(continued)*

21 Financial instruments

The carrying amounts of the financial assets and liabilities include

	2017	2016
	£	£
Assets measured at amortised cost	**460,809**	2,205,727
Assets measured at cost less impairment	**24,062,755**	23,463,803
Liabilities measured at amortised cost	**30,804,000**	26,256,234