

Company registration number: 08991303

**Biomass Investments PLC**

**Financial statements**

**27 March 2018**



## **Biomass Investments PLC**

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## **Biomass Investments PLC**

### **Directors and other information**

<b>Directors</b>	Mr Paul Jarvis, BSc (Est Man) FRICS Mr David Triggs
<b>Company number</b>	08991303
<b>Registered office</b>	C/O Forest Edge Accountancy 2 Appletree Close Redlynch Salisbury SP5 2JG
<b>Auditor</b>	Barnett Ravenscroft Limited 13 Portland Road Edgbaston Birmingham West Midlands B16 9HN

## **Biomass Investments PLC**

### **Strategic report Year ended 27 March 2018**

The Directors present their Strategic Report for the Company for the period 30 March 2017 to 27 March 2018.

#### **REVIEW OF THE BUSINESS**

The Directors launched the Company on 10 April 2014. The principal activity of the Company in the period was that of financial intermediation. Funds are deposited from investors through debenture bonds and then lent to Agrofarm London Limited ("the borrowing company"). The borrowing company use the funds to carry out their business of generating biofuel.

The principal activity of the Company in the period under review was that of financial intermediation. There have not been any significant changes in the Company's principal activities in the period.

During the period, the borrowing company has experienced difficulty in scaling its activities and generating revenue originally forecast. As a result, they have not been able to make interest payments on the loan since June 2017. The capital repayments that were due from July 2017 have also not been met. The Company consequently has been unable to pay the interest and capital repayments to its investors. This has led to a disclaimed audit opinion and an emphasis of matter on going concern, as can be seen in the Report of the Independent Auditor. The Directors are aware of the situation and are working closely with the borrowing company and are working closely with the borrowing company to ensure the necessary repayments are made in due course. In particular, the Directors are awaiting further information on the progress of two possible exit strategies to repay the borrowings. This involves the Borrowing Company launching a £30 million listed bond to institutional investors where some of the proceeds are to be used to repay the interest and principal owed. Subject to the success of the bond launch the Directors consider that these will be adequate to repay the loans.

The Company does not have any staff and the Directors have delegated various day to day and key operational activities to professional third party service providers. Global Custodian Services Limited is the FCA regulated custodian who are responsible ensuring regulatory compliance of the Company. Global Currency Exchange Network is the FCA regulated payment service provider who are responsible for holding the client money, complete anti-money laundering reviews and client take on procedures.

The Directors maintain responsibility for monitoring the performance of the borrowing company.

The directors consider the results on ordinary activities before taxation to be satisfactory.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties lie in the investment the Company holds in the borrowing company.

##### **Political and Country risk - EU Referendum**

The Directors are looking into the impact of what the UK referendum on leaving the EU could have on the company. At present they do not believe that there would be any repercussions on the Company's business, but this will be monitored as the exit process is negotiated and addressed appropriately.

##### **Default Risk**

The Company is reliant on the success of the borrowing company and their ability to continue to paying interest on the loan. See liquidity risk for the measures put in place by the Directors to mitigate risk. All of the loans made by the Company are fully secured by debentures and share charges from the borrowing company.

As noted above, the borrowing company has not been meeting the criteria under checklists and failing to repay the loans as a result of poor operating performance. As a result of this, the Directors are in discussions to ensure the loan repayments recommence at the earliest possible opportunity.

## Biomass Investments PLC

### Strategic report (continued) Year ended 27 March 2018

#### Price Risk

Due to the nature of the financial instruments there is no exposure to the price risk. The security of the investment is a fixed charge over all of the assets of the borrowing company. The cost of borrowing for the Company is fixed as per the Investment Memorandum.

#### Liquidity Risk

Liquidity risk is managed by careful phasing of investor returns with interest receivable from the borrowing company. As a result of the default of the borrowing company on the loans, the company has been unable to repay the interest due on the bonds as discussed above.

#### Key Third Party Service Providers

There is a risk that the third party service providers, stated above, do not perform in line with expectation or beyond their contracted remit. The Directors meet regularly with the service providers to discuss performance and to ensure that they have undertaken the agreed upon procedures and have continued to operate within their remit.

#### FINANCIAL REVIEW

The activities for the period resulted in no profit or loss being made by the company (2017: £nil profit or loss). This is in line with expectations as the financial model of the Company is set so that income is matched with expenditure at all times.

Repayment of £30,000 was received from the borrowing company on the principal amount on loan, which was repaid to investors.

#### KEY PERFORMANCE INDICATORS

Key Performance Indicators measure recent past performance providing information which allows management to make the appropriate decisions required to drive the business forward. Funds borrowed, funds invested, revenue and operating profit give an indication of how the decisions made by directors are performing. The following are the key performance indicators:

Details	2018 £	2017 £
Funds received	-	1,845,400
Loans granted	-	(1,845,400)
Interest income	751,810	672,579
Interest expense	(697,719)	(622,758)
<b>Net interest income</b>	<b>54,091</b>	<b>49,821</b>

**Biomass Investments PLC**

**Strategic report (continued)  
Year ended 27 March 2018**

**FUTURE DEVELOPMENT**

The Directors remain focused on working with the borrowing company to ensure the loan repayments are brought back to date and investors funds returned, through either of the two exit strategies discussed above.

This report was approved by the board of directors on 18 July 2019 and signed on behalf of the board by:



Mr David Triggs  
Director

## **Biomass Investments PLC**

### **Directors report Year ended 27 March 2018**

The directors present their report and the financial statements of the company for the year ended 27 March 2018.

#### **Directors**

The directors who served the company during the year were as follows:

Mr Paul Jarvis, BSc (Est Man) FRICS

Mr David Triggs

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Directors responsibilities statement**

The directors are responsible for preparing the strategic report, 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 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 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 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.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

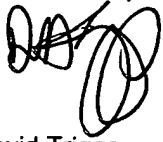
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

**Biomass Investments PLC**

**Directors report (continued)  
Year ended 27 March 2018**

This report was approved by the board of directors on 18 July 2019 and signed on behalf of the board by:



Mr David Triggs  
Director



## **Biomass Investments PLC**

### **Independent auditor's report to the members of Biomass Investments PLC Year ended 27 March 2018**

We were engaged to audit the financial statements of Biomass Investments PLC for the year ended 27 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 auditors 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 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 Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Basis for disclaimer of opinion**

The Company's principal assets are debenture loans, which as at 27 March 2018 have a combined value of £5,401,600 and are due to be settled by the borrowing company. The financial position of the borrowing company has resulted in a lack of information being available to demonstrate that the Company can recover these owed amounts. Consequently, we have been unable to determine whether any adjustments were necessary in respect of carrying amounts of these debenture loans and perform a going concern review based upon expected inflows from the borrowing company. As a result of the significant outstanding information we have been unable to obtain sufficient appropriate audit evidence on which to form an audit opinion, including the appropriateness of the going concern basis of accounting.

#### **Disclaimer of opinion of financial statements**

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Biomass Investments PLC**

**Independent auditor's report to the members of  
Biomass Investments PLC (continued)  
Year ended 27 March 2018**

**Opinions on other matters prescribed by the Companies Act 2006**

Notwithstanding our disclaimer of opinion on the financial statements, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report:

Arising from the limitation of our work referred to above:

- we have not obtained all information and explanations that we consider necessary for the purpose of our audit; and
- we were unable to determine whether adequate adequate accounting records have been kept.

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:

- 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 the returns; or
- certain disclosures of directors' remuneration specified by law are not made.



Richard Gold, FCA (Senior Statutory Auditor)

For and on behalf of  
Barnett Ravenscroft Limited, Statutory Auditor  
Statutory Auditor  
13 Portland Road  
Edgbaston  
Birmingham  
West Midlands  
B16 9HN

Date: .....

24/07/2019

**Biomass Investments PLC**

**Statement of comprehensive income  
Year ended 27 March 2018**

	Note	2018 £	2017 £
<b>Turnover</b>	4	751,810	672,579
Other external charges		(697,719)	(622,758)
Other operating expenses		(54,091)	(49,821)
<b>Operating profit</b>		-	-
Tax on profit		-	-
<b>Profit for the financial year and total comprehensive income</b>		-	-

All the activities of the company are from continuing operations.

The notes on pages 13 to 16 form part of these financial statements.

**Biomass Investments PLC**

**Statement of financial position  
27 March 2018**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Investments	5	1,294,300	3,612,200
		<u>1,294,300</u>	<u>3,612,200</u>
<b>Current assets</b>			
Debtors	6	4,747,195	1,895,019
Cash at bank and in hand		-	70,528
		<u>4,747,195</u>	<u>1,965,547</u>
<b>Creditors: amounts falling due within one year</b>	7	(4,697,195)	(1,915,547)
<b>Net current liabilities</b>		<u>50,000</u>	<u>50,000</u>
<b>Total assets less current liabilities</b>		<u>1,344,300</u>	<u>3,662,200</u>
<b>Creditors: amounts falling due after more than one year</b>	8	(1,294,300)	(3,612,200)
<b>Net liabilities</b>		<u>50,000</u>	<u>50,000</u>
<b>Capital and reserves</b>			
Called up share capital	9	50,000	50,000
<b>Shareholders funds</b>		<u>50,000</u>	<u>50,000</u>

These financial statements were approved by the board of directors and authorised for issue on 18 July 2019, and are signed on behalf of the board by:



Mr David Triggs  
Director

Company registration number: 08991303

The notes on pages 13 to 16 form part of these financial statements.

**Biomass Investments PLC**

**Statement of changes in equity  
Year ended 27 March 2018**

	Called up share capital	Profit and loss account	Total
	£	£	£
<b>At 28 March 2016</b>	50,000	-	50,000
Profit for the year		-	-
<b>Total comprehensive income for the year</b>	-	-	-
<b>At 27 March 2017 and 28 March 2017</b>	50,000	-	50,000
Profit for the year		-	-
<b>Total comprehensive income for the year</b>	-	-	-
<b>At 27 March 2018</b>	50,000	-	50,000

**Biomass Investments PLC****Statement of cash flows  
Year ended 27 March 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	10	(70,528)	70,528
Net cash from/(used in) operating activities		<u>(70,528)</u>	<u>70,528</u>
<b>Cash flows from investing activities</b>			
Issue of loan debenture notes		-	(1,845,400)
Loans repaid		30,000	-
Net cash from/(used in) investing activities		<u>30,000</u>	<u>(1,845,400)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of debenture loans		-	1,845,400
Loans repaid		(30,000)	-
Net cash (used in)/from financing activities		<u>(30,000)</u>	<u>1,845,400</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(70,528)</b>	<b>70,528</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>70,528</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>		<b><u>-</u></b>	<b><u>70,528</u></b>

## **Biomass Investments PLC**

### **Notes to the financial statements Year ended 27 March 2018**

#### **1. General information**

The company is a public company limited by shares, registered in England. The address of the registered office is C/O Forest Edge Accountancy, 2 Appletree Close, Redlynch, Salisbury, SP5 2JG.

#### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **3. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

##### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### **Fixed asset investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

## **Biomass Investments PLC**

### **Notes to the financial statements (continued)**

**Year ended 27 March 2018**

#### **Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### **4. Turnover**

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.



**Biomass Investments PLC**

**Notes to the financial statements (continued)  
Year ended 27 March 2018**

**5. Investments**

	Other loans	Total
	£	£
<b>Cost</b>		
At 28 March 2017	3,612,200	3,612,200
Transfers	(2,317,900)	(2,317,900)
<b>At 27 March 2018</b>	<u>1,294,300</u>	<u>1,294,300</u>
<b>Impairment</b>		
At 28 March 2017 and 27 March 2018	<u>-</u>	<u>-</u>
<b>Carrying amount</b>		
At 27 March 2018	<u>1,294,300</u>	<u>1,294,300</u>
At 27 March 2017	<u>3,612,200</u>	<u>3,612,200</u>

Debenture loans comprise a loan to Agrofarm London Limited which is repayable three years after first drawdown date unless otherwise agreed between parties. The loan bears interest at 13.5% per annum and is secured by a first fixed and floating charge over all of the assets of the borrower. An amount of £4,107,300 is due for repayment by 31 March 2019, £1,789,400 overdue for repayment and in default, is included in current assets.

Interest payments on these loans have been in default since June 2017 as a result of difficulties experienced by the borrowing company. Similarly, capital repayments were due to be repaid from June 2017 and only £30,000 have been made to the date of signing the financial statements. These defaults and detail on how the loans are to be repaid is included in the Strategic Report.

**6. Other debtors**

	2018	2017
	£	£
Debenture loans due < 1 Yr	4,107,300	1,819,400
Called up share capital not paid	37,500	37,500
Prepayments and accrued income	589,895	25,619
Other debtors	12,500	12,500
	<u>4,747,195</u>	<u>1,895,019</u>

**Biomass Investments PLC**

**Notes to the financial statements (continued)  
Year ended 27 March 2018**

**7. Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	£	£
Accruals and deferred income	589,895	96,147
Other creditors	4,107,300	1,819,400
	<u>4,697,195</u>	<u>1,915,547</u>

**8. Creditors: amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	£	£
Other creditors	1,294,300	3,612,200
	<u>1,294,300</u>	<u>3,612,200</u>

**9. Called up share capital  
Issued, called up and fully paid**

	<b>2018</b>		<b>2017</b>	
	No	£	No	£
Ordinary A shares of £ 1.00 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

**10. Cash generated from operations**

	<b>2018</b>	<b>2017</b>
	£	£
<b>Cash flows from operating activities</b>		
Other interest receivable and similar income	751,810	672,579
Interest payable and similar expenses	(697,719)	(622,758)
Management fees	(54,091)	(49,821)
Trade and other receivables	(564,275)	(6,104)
Trade and other payables	493,747	76,632
Cash generated from operations	<u>(70,528)</u>	<u>70,528</u>

**11. Related party transactions**

During the period under review, the Company paid Global Admin Services Limited £15,006 ( 2017 - £49,821 ) for management services. At the end of the period, £46,891 ( 2017 - £7,808 ) was still due from the Company.

Throughout the year, Global Admin Services Limited held a cash balance amounting to £12,500 ( 2017 - £12,500 ) which was due to the Company in respect of shares issued. An amount of £37,500 ( 2017 - £37,500 ) is outstanding from the Directors in relation to unpaid share capital.