

7Y Services Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2008

7Y Services Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J T Morgan
Mr N August
Mr P Beaumont
Mr M Godsall
Mr R J Jackson
Mr N Tilt
Mr G Watts

SECRETARY

Mr W Symonds

REGISTERED OFFICE

Wharton Court
Leominster
Herefordshire
HR6 0NX

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
Elgar House
Holmer Road
Hereford
HR4 9SF

BANKERS

HSBC Plc
1 Broad Street
Leominster
Herefordshire
HR6 8BU

7Y Services Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of 7Y Services Limited for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of business services to include IT solutions, vocational and management training, business consultancy, labour placement and staff recruitment and agriservices such as machinery supply and the supply of organic composts and manures.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £10,687. Particulars of dividends paid are detailed in note 3 to the financial statements.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE PARENT COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	Ordinary Shares of £0.10 each in the parent company	
	At 31 December 2008	At 1 January 2008 or later date of appointment
Mr J T Morgan	90	90
Mr N August	20	20
Mr P Beaumont	10	10
Mr M Godsall	25	25
Mr R J Jackson	75	75
Mr N Tilt	90	90
Mr G Watts	<u>30</u>	<u>30</u>

DIRECTORS' RESPONSIBILITIES

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 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). The financial statements are required by law to 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 proper accounting records that 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 requirements of the Companies Act 1985. 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.

7Y Services Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

By order of the board

Mr W Symonds

Company Secretary

23 October 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 7Y SERVICES LIMITED

We have audited the financial statements on pages 5 to 111.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Elgar House
Holmer Road
Hereford HR4 9SF

23 October 2009

7Y Services Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	<i>Notes</i>	2008 £	2007 £
TURNOVER		6,526,616	5,327,372
Cost of sales		(5,690,551)	(4,501,532)
Gross profit		<u>836,065</u>	<u>825,840</u>
Administrative expenses		(829,055)	(784,298)
OPERATING PROFIT	1	<u>7,010</u>	<u>41,542</u>
Interest receivable		<u>13,993</u>	<u>14,202</u>
		21,003	55,744
Interest payable and similar charges		(93)	(147)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>20,910</u>	<u>55,597</u>
Taxation	13	(10,223)	(14,413)
PROFIT FOR THE FINANCIAL YEAR		<u><u>10,687</u></u>	<u><u>41,184</u></u>

7Y Services Limited

Company Registration No. 2828440

BALANCE SHEET

31 December 2008

	<i>Notes</i>	2008 £	2007 £
FIXED ASSETS			
Tangible assets	4	33,314	37,472
Investments	5	10	10
		<u>33,324</u>	<u>37,482</u>
CURRENT ASSETS			
Stocks		281,623	185,161
Debtors	6	311,285	318,680
Cash at bank and in hand		303,778	294,498
		<u>896,686</u>	<u>798,339</u>
CREDITORS			
Amounts falling due within one year	7	(434,738)	(351,236)
NET CURRENT ASSETS			
		<u>461,948</u>	<u>447,103</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>495,272</u>	<u>484,585</u>
CAPITAL AND RESERVES			
Called up equity share capital	10	100	100
Profit and loss account	11	495,172	484,485
SHAREHOLDERS' FUNDS			
		<u>495,272</u>	<u>484,585</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 23 October 2009 and are signed on their behalf by:

Mr J T Morgan
Director

7Y Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	15% to 40% reducing balance basis
Equipment	-	20% to 100% straight line basis

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

DEFERRED GOVERNMENT GRANTS

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

7Y Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation of owned fixed assets	16,506	16,954
Auditor's fees	4,500	3,500
	<u>21,006</u>	<u>20,454</u>

2 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Aggregate emoluments	201,355	204,629
Value of company pension contributions to money purchase schemes	10,593	10,864
	<u>211,948</u>	<u>215,493</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

3 DIVIDENDS

Equity dividends

	2008	2007
	£	£
Paid during the year:		
Equity dividends on ordinary shares	<u>-</u>	<u>823,610</u>

7Y Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

4 TANGIBLE FIXED ASSETS

	Plant & Machinery £	Equipment £	Total £
Cost			
At 1 January 2008	90,998	113,604	204,602
Additions	9,384	2,964	12,348
Disposals	-	-	-
At 31 December 2008	<u>100,382</u>	<u>116,568</u>	<u>216,950</u>
Depreciation			
At 1 January 2008	77,180	89,950	167,130
Charge for the year	3,248	13,258	16,506
On disposals	-	-	-
At 31 December 2008	<u>80,428</u>	<u>103,208</u>	<u>183,636</u>
Net book value			
At 31 December 2008	<u>19,954</u>	<u>13,360</u>	<u>33,314</u>
At 31 December 2007	<u>13,818</u>	<u>23,654</u>	<u>37,472</u>

5 INVESTMENTS

	Pembrokeshire Machinery Ring Limited £
Cost	
At 1 January 2008 and 31 December 2008	<u>10</u>
Net book value	
At 31 December 2008	<u>10</u>
At 31 December 2007	<u>10</u>

6 DEBTORS

	2008 £	2007 £
Trade debtors	281,690	306,183
Called up share capital not paid	89	89
Other debtors	29,506	12,408
	<u>311,285</u>	<u>318,680</u>

7Y Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

7 CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	287,363	210,299
Amounts owed to parent company	1,451	1,451
Corporation tax	13,266	14,413
Other taxation and social security	57,930	57,664
Pensions	14,501	
Other creditors	60,227	67,409
	<u>434,738</u>	<u>351,236</u>

8 ULTIMATE PARENT COMPANY

7Y Services Limited is a 100% subsidiary of 7Y Holdings Limited, a company incorporated in the United Kingdom.

9 RELATED PARTY TRANSACTIONS

At the year end the company was owed £89 (2007: £89) by 7Y Holdings Limited, the parent company, for unpaid share capital. The company also owed 7Y Holdings Limited £1,451 (2007: £1,451) for unpaid share capital received on behalf of 7Y Holdings Limited.

Company Director Julian Morgan is a Director of 7Y Holdings Limited, which owns approximately 17% of Bioganix plc. Bioganix plc has an operating subsidiary called Bioganix Composting Limited. During the year the company sold goods and services to Bioganix Composting Limited of £304,242 (2007: £120,494) and purchased goods from Bioganix Composting Limited totalling £784 (2007: £376). At the year end the company was owed £36,346 (2007: £2,700) and owed £419 (2007: £57). On the 10th February 2009, Bioganix Composting Limited was placed into Administration. The amount due to 7Y Services Limited at the year-end was settled by Bioganix Composting Limited during January 2009.

During the year the company sold goods and services to Bioganix Research Limited, a subsidiary of Bioganix Composting Limited, the value of £206,071 (2007: £295,828) and purchased goods totalling £415 (2007: £1,970). At the year end the company was owed £5,337 (2007: £10,191) and owed £NIL (2007: £1,422) to Bioganix Research Limited. Although Bioganix Research Limited was placed into Administration on 10th February 2009, the balance at the year-end was settled in full during January 2009.

10 SHARE CAPITAL

	2008	2007
	£	£
Authorised:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2008	2007
	£	£
Allotted and called up:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows:

	2008	2007
	£	£
Ordinary shares	<u>89</u>	<u>89</u>

7Y Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

11 PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
At 1 January 2008	484,485	1,266,911
Retained profit for the financial year	10,687	41,184
Equity dividends paid	-	(823,610)
At 31 December 2008	<u>495,172</u>	<u>484,485</u>

12 WRITE BACK

At 31 December 2003, a provision of £750,000 ("the Provision") was made against the loan payable by Bioganix Limited to 7Y Services Ltd ("the Bioganix Loan") due to the then uncertainty concerning the ability of Bioganix Ltd to repay the loan. As part of the process of floating Bioganix plc on the Alternative Investment Market on 28th April 2006, 7Y Holdings Limited, the parent company of 7Y Services Limited, was granted shares in Bioganix plc in exchange for the debt owed by Bioganix Ltd to 7Y Services Ltd. The Provision was then released. The release of the Provision and the granting of Bioganix plc shares to 7Y Holdings Ltd resulted in a debt due from 7Y Holdings Limited to 7Y Services Limited of £800,000. In order to eliminate this inter-company balance, a dividend of £800,000 was paid by 7Y Services Ltd to 7Y Holdings Ltd on 20th June 2007. 7Y Holdings Ltd used this dividend to repay 7Y Services Ltd £800,000 thus eliminating the inter-company balance.

13 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2008	2007
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21% (2007 20%)	10,223	14,413
Over/under provision in prior year	-	-
Total current tax	<u>10,223</u>	<u>14,413</u>
Tax on profit/(loss) on ordinary activities	10,223	14,413