

A-Gas (UK) Limited
Annual report and financial statements
Registered number 02752249
31 December 2020



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Company Information

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IVS Podmore
REM Stewart

Secretary

REM Stewart

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Strategic Report

Business model

The Directors present their Strategic Report for the year ended 31 December 2020. The Company's business model is to provide a full range of distribution and reclamation service of specialty gases and chemicals. Stricter environmental legislation has imposed specialist packaging and handling requirements for specialty chemicals and gases and the company adds value by down-packing these products into assets (cylinders) to enable end-users access to these products in practical quantities. Some of the products supplied by the company are environmentally sensitive, and recovery of these products at their end of life for recycling and reclamation also forms a key part of the business model.

The Company's principal business is in the United Kingdom.

Business review

The Company's financial performance indicators during the period to 31 December 2020 were as follows:

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000	Movement %
Turnover	24,972	43,646	-43%
Gross profit	16,242	24,815	-35%
EBITDA	7,460	14,994	-50%
Profit after tax	5,299	11,834	-55%
Current assets as a percentage of current liabilities	236%	319%	

Turnover, Gross Margin and EBITDA demonstrate the financial performance of the Company. EBITDA represents the Company's earnings before interest, taxation, depreciation and amortisation. It is seen as a measure of true profitability and operational cash generation.

Turnover has decreased 43% from the prior year. This was primarily a result of two factors, COVID-19 and Brexit. COVID-19 reduced demand from some of the primary consumer markets of refrigerant, including hospitality and retail, which were impacted by lockdown restrictions, and in preparation for Brexit the majority of A-Gas UK's EU27 relationships were transferred to our sister company BTC BV. Further details on the risks posed by Brexit and COVID-19 may be found in the Directors Report.

Gross Margin decreased by 35% from the prior year. The percentage reduction in Gross Margin is not as high as turnover as the company utilised its reclaim technology to reduce its cost base.

Strategic Report (continued)

EBITDA has decreased by 50% from the prior year. The cause is a combination of external market influences, as mentioned in relation to Turnover, and the company's cost base below gross margin being predominantly fixed. A reconciliation between EBITDA and profit after tax is below:

	2020	2019
	£000	£000
EBITDA	7,460	14,994
Depreciation	(2,243)	(2,266)
Amortisation	-	(2)
Net financing expense income/ (expense)	164	(490)
Taxation	(82)	(402)
Profit after Tax	5,299	11,834

Profit after tax has reduced by 55% from the prior year. The movement year on year is driven by the factors mentioned in relation to EBITDA.

Current assets as a percentage of current liabilities provides an indication of the liquidity of the Company and its ability to meet short term obligations. The ratio has decreased this year, driven by increased dividend payments reducing cash and trade receivables reducing due to depressed trading.

During the year the Company received Government Grants of £103,145 in the form of the UK Government Coronavirus Job Retention Scheme. The fund received for the the UK Government Coronavirus Job Retention Scheme were repaid to HMRC in May 2021. During the year the Company also took advantage of the UK Government VAT deferral scheme. At 31 December 2020, the Company had deferred VAT balance of £1,200,452.

Future Developments

The Company will continue to devote significant resource and investment toward our objective of being a broader based environmental business, with a focus on finding, recovering and reprocessing waste refrigerants and other speciality gases from the market.

Principal risks and uncertainties

In addition to usual business risks (as shown in the Directors Report), the environmentally sensitive nature of some of the Company's products means that legislation designed to reduce or limit the effect of these products on the environment can be considered to be a risk. The Company is well positioned to benefit from these legislative changes by offering alternative, more environmentally-friendly products, as well as offering recycling and disposal services for the products no longer required

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Report. The financial position of the Company is described in the Strategic Report.

Strategic Report (continued)

In assessing the Company's going concern the directors continue to give consideration to the impact of the COVID-19 pandemic. However, given the Company's financial performance in 2020 and year-end position, the Directors assert that COVID is no longer a materially greater risk to the Company than other risk factors considered in the going concern assessment.

Ongoing impact

Throughout 2020 our sites remained operational despite lockdown measures imposed at various times during the year. Equally, staff have followed government advice on working from home without any major impact to effectiveness or efficiency. The directors therefore have no reason to believe that operations and other business functions would not continue under any potential future lockdowns.

Minor supply disruptions were seen in Q1 and with regards to internal sourcing through our Rapid Recovery service offering, restricted access to customer sites also impacted supply of reclaimed material. While issues in the global supply chain still remain as a result of COVID-19 the Directors do not consider this a significant risk to us achieving our forecast.

On the demand side, certain customer segments were impacted more than others in 2020. The recovery of these segments could take longer than expected and so this sensitivity has also been considered. The Company does benefit from a diversified portfolio of customers and products though, with strong growth potential in some segments, so the overall impact is still expected to be immaterial.

Finally, the ongoing approval and rollout of vaccines across the globe provides a beacon of hope for the start of an economic recovery and life returning to a new normal. This positive step will provide further momentum to the Company.

Forecasts

Each year detailed forecasts are prepared to assess the future growth potential of the Company and the risks (including COVID) and opportunities that could impact that growth. The forecasts are based on the directors' and senior management's understanding and experience of market trends, seasonality and the impact of regulation on the industry. They also consider the Company's quota allocations and the related effect on its market position.

The directors have considered how a range of downsides will impact the future performance and position of the Company, specifically liquidity and profitability. The Company has remained cash generative and has access to substantial cash reserves from the Group should they be required. The Company conducts regular cash flow forecasting, which demonstrates a strong cash position for the forecasting period. Therefore, liquidity is not seen as a material risk. The Company is forecast to improve its financial performance.

Conclusion

After careful consideration of the above, the directors have a reasonable expectation that the Company and the wider Group have adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the annual report and accounts.

Strategic Report (continued)

Streamlined Energy and carbon reporting

Climate change has been widely recognised as the biggest environmental challenge facing the world today. Carbon dioxide equivalent (“CO2e”) emission reductions has been identified by governments, businesses and individuals alike as the most effective tool to combat this challenge.

The Directors recognise the crucial role that the Company has to play in this regard, with refrigeration management and destruction providing arguably the largest opportunity for global emission reductions. The Company has the expertise and technology to lead and support the industry on this environmental journey with a focus on finding, recovering and reprocessing or destroying material from the market.

Operationally, the Company has recently started the process of measuring its carbon footprint in line with the principles set out in the Greenhouse Gas Protocol. This information will be used to set a baseline and establish reduction targets over the coming years.

Beyond measures and procedures already in place, like purchasing 100% renewable, zero carbon energy, and the obvious reduction in staff on site due to COVID, the principal measure taken in the year to increase the Company’s energy efficiency, is the installation of a quick-closing roller door at the main warehouse which improves heat retention.

In line with the UK Government’s Streamlined Energy & Carbon Reporting (SECR) framework, the table below shows the operational energy consumption, CO2e and intensity ratio for the Company. The tonnes CO2e (“tCO2e”) is calculated using greenhouse gas conversion factors for 2020 published by the UK Department for Business, Energy & Industrial Strategy.

	kWh	tCO2e
Scope 1		
Combustion of fuels	1,277,252	269.0
Scope 2		
Purchase of electricity	1,284,120	299.4
Scope 3		
Business travel (Company sponsored)	67,433	16.6
Total	2,628,805	585.0
Intensity ratio (tCO2e/£m revenue)		23.43

The combustion of fuels includes gas used for on-site heating and petrol and diesel used in company-owned vehicles and equipment. Business travel includes rental cars and private vehicles used for business purposes, where the company pays for the fuel.

Strategic Report (continued)

Section 172 (1) statement

The Directors of the Company – and those of all UK companies – must act in accordance with their duties under the Companies Act 2006 (the Act). These include a fundamental duty to promote the success of the Company for the benefit of its members as a whole. This duty has been central to the Board's decision-making processes and outcomes over many years. The information which follows in this section describes how, in performing their duties during the year, the Directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Act, and constitutes the Director's Section 172 Statement for 2020.

Long-term decision-making

The Directors delegate day-to-day management and decision-making to its senior management team, but maintain oversight of the Company's performance, and reserve to themselves specific matters for approval, including significant new business initiatives. Then, by receiving regular updates on business programmes and objectives, the Directors monitor that management is acting in accordance with agreed strategy. Processes are in place to ensure that the Directors receives all relevant information to enable them to make well-judged decisions in support of the Company's long-term success.

The nature of the regulatory environment in which the Company operates, where legislation can span a 15- to 20-year period, emphasizes the need for long term thinking. Consequently, long-term outlooks always underpin strategic decision-making at the Director level and in fact has been the reason for the Company's sustained success, informing growth and expansion into new markets and products at critical junctures.

Reputation for high standards of business conduct

The Directors are responsible for developing a corporate culture which promotes integrity and transparency. They have established systems of corporate governance and approves policies and procedures which promote corporate responsibility and ethical behaviour.

Key policies that are in place include an Anti-Bribery and Corruption policy and a Trade Sanctions policy. An Ethics hotline is established, where employees can report any concerns or potential policy breaches anonymously. Furthermore, as noted in the Directors' Report, the Company's Modern Slavery Act Statement describes the steps it had taken to ensure that slavery and human trafficking were not taking place in the context of business carried out in 2020.

Stakeholder Engagement

The Directors recognise that relationships with A-Gas' key stakeholders, including its investors, lenders, employees, customers, and suppliers are important in allowing the Company to achieve its business aims. Engagement takes place with our stakeholders at all levels across A-Gas, and the size and diversity of our business and global nature of the Group means that it can take many different forms. Much of it takes place at an operational level, and this is especially true in respect of our customers and suppliers, with whom we deal in the ordinary course of business on a day-to-day basis.

The Directors consider and discuss information from across the organisation to help it understand the impact of A-Gas' operations, and the interests and views of our key stakeholders. They also review strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Directors through reports and through in-person presentations.

Strategic Report (continued)

As a result of these activities, the Directors have an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Investors

A-Gas has a successful track-record of partnering with private equity investors to achieve its growth aspirations. The nature of this partnership is such that investors are engaged at the highest levels across the business and are provided with regular updates on Company performance.

Lenders

A syndicate of lenders provide the Company, via the Parent Companies, with the liquidity it requires both for working capital purposes, as well as investment in capital projects and acquisitions. As such, it is a key stakeholder in the continued growth of the Company.

The lenders receive financial information from the Company on a monthly and quarterly basis and the Directors also held meetings with the lenders on several occasions during the course of the year. These sessions helped to broaden the lenders' understanding of the business and answer their questions on trading and forecasts.

Employees

Our people are essential to our success, future growth, and our aim to build leading positions in long-term global growth markets. We continue to invest substantial time and effort to employ, train, develop and retain employees who are passionate about our business and have up-to-date knowledge and world class expertise in our key functional areas. Hearing their views on what we do well, and what we can do better, is an important driver for improvement and retaining our best talent.

During the year the business continued to develop its new people management system to aid continuous development and promote regular conversations between team members and their line managers and ensure alignment on goals and objectives. While COVID-19 meant the majority of our communication with employees was online, we continued to communicate regularly with our employees via weekly and monthly communications on our group-wide intranet platform and online meetings.

Customers

Engagement with customers takes place mainly at an operational level within our business areas through face-to-face meetings, ongoing dialogue through dedicated sales and operations teams, customer relationship managers, and in respect of material customer issues, through our senior management team.

During the year the Directors received updates on key customer issues through regular business reviews. While industry trade shows and exhibitions across the globe have been curtailed this year due to COVID-19 restrictions reducing faces to face contact, the Directors continued to engage with key customers over other platforms to hear directly from these strategic partners and to discuss current and future challenges.

Strategic Report (continued)

Suppliers

The Directors recognise the key role our suppliers play in ensuring the quality of our products and that as a business we meet the high standards of conduct that we set ourselves. The Company works with both large international suppliers as well as small, independent family-run businesses. We aim to be fair and ethical in dealings with all our suppliers, pay them on agreed terms and be a collaborative and responsive partner.

Communities (s172(1)(d))

The company engages with the communities in which it operates to build trust and understand the local issues that are important to them. Key areas of focus include how it can support local causes and issues, create opportunities to recruit and develop local people and be responsible stewards of the environment. While the company's operations do not generally pose an immediate risk of harm to local communities, the high global warming potential of its products serve as impetus for minimising any emissions and continually improving health and safety procedures. The company also partners with local charities and organisations to raise awareness and funds.

Approved for issue by order of the board:



REM Stewart
Director

Banyard Road
Portbury
Bristol
BS20 7XH
2 June 2021

Directors' Report

The Directors present their report and audited financial statements for the year to 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £5,299,000, (2019: profit of £11,834,000).

An interim dividend of £13,995,711 was paid during the year (2019: £9,300,739). As at the date of signing these Financial Statements a further £2,500,000 of Dividends have been paid. See note 25, Post Balance Sheet Events.

Principal activity and review of the business

The principal activity of the business is the repackaging, distribution and reclamation of speciality gases and chemicals. Further information on this and future development is provided in the Strategic Report on page 2.

Principal risks and uncertainties

The principal risks and uncertainties facing Company are:

Operational Risks

Health & safety. The Company distributes both hazardous and non-hazardous chemicals and gases, the improper release, spillage, misuse or mishandling of which could lead to personal injury or death. The Company mitigates this risk through rigorous safety standards compliant with all applicable laws and regulations, insurance policies to cover any potential liability and a "Zero Harm" safety culture which is given top priority throughout the organisation.

Regulatory risk. The majority of the products sold by the Company are regulated by laws that aim to reduce their use over time. These laws are underpinned by an international treaty called the Montreal Protocol which

controls, and will ultimately phase out, the production and use of ozone depleting substances, particularly CFCs and HCFCs. Following the so-called Kigali Amendment, the phasedown of HFCs were also brought under the scope of the Protocol due to their global warming potential. This artificial restriction of supply poses a significant risk to the Company's ability to service customer demand. The Company mitigates this risk by educating customers on next-generation replacement products, maximising the availability of reclaimed products (which are not subject to phase-down) and leveraging its regulatory expertise to operate optimally and within the bounds of the Protocol.

Market risk. Demand for the Company's products is driven by growth in the underlying demand for climate cooling, refrigeration and fire protection applications, which in turn are driven by both weather patterns and macro-economic trends. The restriction of supply via regulations can also drive adverse market behaviours, like illegal imports. All of these factors are inherent market risks that the Company aims to mitigate through diversification across products, active involvement and lobbying within the industry, long term business plans and scenario modelling.

COVID-19. Whilst significant progress has been made in the global and UK response to the pandemic, there is still uncertainty over the longer term impact that it will have on macroeconomic trends and supply and demand dynamics. These changes could hold both risks and opportunities for the Company and the markets it serves. The Company mitigates this uncertainty through regular customer and industry engagement.

Climate change. Sustained global warming poses a huge risk to the world at large and over time it will affect almost all facets of commercial undertakings. Refrigeration is inextricably linked with this challenge, as it is a potential source of global warming but also a way to mitigate its effects. As such, climate change is both a risk and an opportunity to the Company and is interlinked with other principle risks like regulatory risk and market risk as described in this section. Beyond mitigating actions already described for these risks,

Directors' Report (continued)

the wider Group has also appointed a sustainability task force to assess the overall Group's carbon footprint and set targets for reducing the baseline over time. Further information can be found in the Strategic Report.

Cyber security. The Company is responsible for protecting the confidentiality, integrity and availability of the data it holds of its customers, employees and suppliers. Failure to ensure it has the appropriate level of information security controls increases the risk that an information security breach is not prevented, detected or adequately remediated. This could result in reputational damage, remediation costs and financial penalties for a breach of data protection legislation. The Company mitigates this risk by continuously improving its data-related policies and protections, under the supervision of the Group's Chief Technology Officer.

Brexit

Readiness

The Company regularly assessed and continues to assess all of the potential impacts of Brexit and have taken measures that the Company deem necessary to mitigate the key risks to the business. With regards to imports, these are controlled by quotas and the business believes it has secured enough quota to meet the demand of its customers.

Customers

The Company will continue to supply its UK customers from the UK, with the exception of F-Gas products to Northern Irish customers which fall under EU F-Gas regulations and thus will be supplied by other Group subsidiaries in the Netherlands and Germany. For EU27 customers, to the extent they are not already supplied by other Group subsidiaries in the Netherlands and Germany, will be supplied from the Netherlands. The Group have invested in additional separation capacity in the Netherlands and will be able to reclaim and separate product here to service European customers.

Supply Chain

The Company has secured UK Quota to enable it to continue to meet the demand of its customers. The trade agreement arranged between UK and EU means that the Company will not pay duty on imports of good manufactured or processed within the EU.

Employees

The Company has a small number of European nationals working in its business in the UK and the majority have secured their long term right to work in the UK, with the remaining staff in the process being supported by the Company.

Financing

Neither the Company nor the Group believe that its financing arrangements will be impacted by Brexit.

Regulation

F-Gas is European legislation but it has been adopted under UK law so it would take an Act of Parliament to repeal the legislation. Furthermore, the UK has ratified the Kigali Amendment of the Montreal Protocol and so the country would still be subject to HFC phase-down regulation under Kigali in the event that the F-Gas Regulations were repealed in Parliament. The Company is mitigating any potential risk from any changes in the quota regime by working with DEFRA to enable a smooth transition and have secured the supply chain for our EU27 customers by novating them to our European sister companies.

Directors' Report (continued)

Financial Risks

Credit risk. The Company extends credit terms to a majority of its customers. This exposes it to the risk that the customers will fail to settle their obligations in time or at all. The Company mitigates this risk through credit policies that provide guidance on credit checks, creditworthiness and payment history before extending credit terms to customers. Details of the Company's debtors are given in note 13.

Liquidity risk. The Company has obligations to settle liabilities in relation to both its operating activities and financing activities. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities due to the inability to convert assets into cash without incurring a loss. The Company aims to mitigate liquidity risk by properly managing cash generation from its operations.

Cash flow risk. Cash flow risk is the risk of exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability.

Directors of the Company

The Directors who served during the year, and subsequently, were:

JL Ormerod
RL Parker
IVS Podmore
REM Stewart

Directors' qualifying third party indemnity provision

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Political contributions

The Company did not make any political donations or incurred any political expenditure during the year (2019: none).

Disabled involvement

The Company gives full consideration to applications for employment from disabled persons where the candidates' particular aptitudes and abilities are consistent with adequately meeting the requirements specified. Opportunities are available to disabled employees for training, career development and promotion.

Directors' Report (continued)

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the period the policy of providing employees with information about the A-Gas group has been continued, moving from monthly townhall meetings to monthly online communication due to COVID-19. Employees participate directly in the success of the business through the Company's incentive scheme.

The Modern Slavery Act 2015

The A-Gas group is committed to meeting the aims of the Modern Slavery Act 2015. We strongly oppose slavery and human trafficking in our supply chains and in any part of our business. To be trusted to do the right thing is one of our core values. We would never knowingly engage with suppliers or contractors involved in slavery or human trafficking. In accordance with the requirements of the Act we have published on our website a Slavery and human trafficking statement signed by the chief executive and we have provided a prominent link to the statement on the home page.

Disclosure of information to the 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.

Auditor

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

Approved for issue by order of the board:



REM Stewart
Director

Banyard Road
Portbury
Bristol
BS20 7XH
2 June 2021

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' 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 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), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Independent auditor's report to the members of A-Gas (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of A-Gas (UK) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Profit and Loss and Other Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and,

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address them are described below:

- There is management judgement involved in assessing the level of rebates payable which should be provided for at the year end. We obtained an understanding of the rebate arrangements, selected a sample of rebates and recalculated the amount by agreeing details to signed customer agreements and confirmed sales volumes.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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 have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

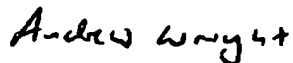
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

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.

A handwritten signature in black ink that reads "Andrew Wright". The signature is written in a cursive, slightly slanted style.

Andrew Wright FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

Date: 2 June 2021

Statement of Profit and Loss and Other Comprehensive Income
for the Year ended 31 December 2020

		Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
	<i>Note</i>		
Revenue	2	24,972	43,646
Cost of sales		(8,730)	(18,831)
Gross profit		16,242	24,815
Other operating income	3	103	-
Administrative expenses		(11,128)	(12,089)
Operating profit	4	5,217	12,726
Finance income	7	399	12
Finance expenses	8	(235)	(502)
Profit before taxation		5,381	12,236
Taxation	9	(82)	(402)
Profit for the year		5,299	11,834
Total comprehensive income for the year		5,299	11,834

All results are derived from continuing activities.

The notes form an integral part of these financial statements.

There are no other recognised gains or losses attributable to the shareholders of the Company other than as stated above and therefore no separate Statement of Other Comprehensive Income has been presented.

Statement of Financial Position

at 31 December 2020

	Note	2020 £000	2019 £000
Non-current assets			
Intangible assets	10	315	315
Property, plant and equipment	11	8,692	9,517
Right of use assets	20	3,513	3,946
		<u>12,520</u>	<u>13,778</u>
Current assets			
Inventories	12	3,911	4,200
Taxation receivable	13	542	-
Debtors	13	26,882	28,524
Cash at bank and in hand	14	8,574	11,276
		<u>39,909</u>	<u>44,000</u>
Current liabilities			
Bank overdraft	15	(2,841)	-
Trade creditors	15	(549)	(913)
Amounts owed to group undertakings	15	(11,493)	(10,808)
VAT and payroll taxes	15	(1,160)	(878)
Accruals	15	(595)	(564)
Taxation payable	15	-	(6)
Other amounts falling due within one year	15	(583)	(634)
		<u>(17,221)</u>	<u>(13,803)</u>
Net current assets		<u>22,688</u>	<u>30,197</u>
Total assets less current liabilities		<u>35,208</u>	<u>43,975</u>
Non-current liabilities			
Deferred taxation	16	(627)	(329)
Other amounts falling due after one year	16	(3,326)	(3,694)
Net assets		<u>31,255</u>	<u>39,952</u>
Capital and reserves			
Share capital	19	50	50
Retained earnings		31,205	39,902
Equity shareholder funds		<u>31,255</u>	<u>39,952</u>

The notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on 2 June 2021 and were signed on its behalf by:



REM Stewart
Director

Statement of Changes in Equity

	Note	Share capital £000	Retained Earnings £000	Total equity £000
Balance at 1 January 2019		50	37,399	37,449
Opening balance adjustment		-	(30)	(30)
Balance at 1 January 2019		50	37,369	37,419
<i>Total comprehensive income for the period</i>				
Profit		-	11,834	11,834
Total comprehensive income for the period		-	11,834	11,834
<i>Transactions with owners, recorded directly in equity</i>				
Dividends		-	(9,301)	(9,301)
Total contributions by and distributions to owners		-	(9,301)	(9,301)
Balance at 31 December 2019		50	39,902	39,952

		Share capital £000	Retained Earnings £000	Total equity £000
Balance at 1 January 2020		50	39,902	39,952
<i>Total comprehensive income for the period</i>				
Profit		-	5,299	5,299
Total comprehensive income for the period		-	5,299	5,299
<i>Transactions with owners, recorded directly in equity</i>				
Dividends	19	-	(13,996)	(13,996)
Total contributions by and distributions to owners		-	(13,996)	(13,996)
Balance at 31 December 2020		50	31,205	31,255

Notes (forming part of the Financial Statements)

1. Accounting policies

A-Gas (UK) Limited (the Company) is a private company limited by shares and incorporated and domiciled in England and the UK. The registered number is 02752249 and registered address is Banyard Road, Portbury, Bristol, BS20 7XH.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The presentational currency of these financial statements is Pounds Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company; and
- Certain disclosures in relation to the revenue requirements of IFRS 15.
- Certain disclosures in relation to the requirements of IFRS 16.
- Certain disclosures in relation to the requirements of IFRS 7.

As the consolidated financial statements of A-Gas Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;

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

Notes (forming part of the Financial Statements)

Basis of preparation and measurement convention

The financial statements are prepared on the historical cost basis. Except for the estimates and critical judgements mentioned below regarding IFRS 16, the Directors do not believe that there are any estimates or judgements that have a significant effect on these financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Report. The financial position of the Company is described in the Strategic Report.

In assessing the Company's going concern the directors continue to give consideration to the impact of the COVID-19 pandemic. However, given the Company's financial performance in 2020 and year-end position, the directors assert that COVID is no longer a materially greater risk to the Company than other risk factors considered in the going concern assessment.

Ongoing impact

Throughout 2020 our sites remained operational despite lockdown measures imposed at various times during the year. Equally, staff have followed government advice on working from home without any major impact to effectiveness or efficiency. The directors therefore have no reason to believe that operations and other business functions would not continue under any potential future lockdowns.

Minor supply disruptions were seen in Q1 and with regards to internal sourcing through our Rapid Recovery service offering, restricted access to customer sites also impacted supply of reclaimed material. While issues in the global supply chain still remain as a result of COVID-19 the Directors do not consider this a significant risk to us achieving our forecast.

On the demand side, certain customer segments were impacted more than others in 2020. The recovery of these segments could take longer than expected and so this sensitivity has also been considered. The Company does benefit from a diversified portfolio of customers and products though, with strong growth potential in some segments, so the overall impact is still expected to be immaterial.

Finally, the ongoing approval and rollout of vaccines across the globe provides a beacon of hope for the start of an economic recovery and life returning to a new normal. This positive step will provide further momentum to the Company.

Forecasts

Each year detailed forecasts are prepared to assess the future growth potential of the Company and the risks (including COVID) and opportunities that could impact that growth. The forecasts are based on the directors' and senior management's understanding and experience of market trends, seasonality and the impact of regulation on the industry. They also consider the Company's quota allocations and the related effect on its market position.

The directors have considered how a range of downsides will impact the future performance and position of the Company, specifically liquidity and profitability. The Company has remained cash generative and has access to substantial cash reserves from the Group should they be required. The Company conducts regular cash flow forecasting, which demonstrates a strong cash position for the forecasting period. Therefore, liquidity is not seen as a material risk. The Company is forecast to improve its financial performance.

Notes (forming part of the Financial Statements)

Conclusion

After careful consideration of the above, the directors have a reasonable expectation that the Company and the wider Group have adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the annual report and accounts.

Foreign currency

Transactions in foreign currencies are translated to the group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

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.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade debtors and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the year end.

Notes (forming part of the Financial Statements)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value, normally being the transaction price plus directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

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.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the statement of comprehensive income except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Notes (forming part of the Financial Statements)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of property, plant and equipment, for example land is treated separately from buildings.

The Company assesses at each reporting date whether property, plant and equipment are impaired.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is included within administrative expenses within the statement of comprehensive income. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold property	-	10 years
Plant and equipment	-	10 years
Office and vehicles	-	From 3 to 10 years

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.

Intangible assets, goodwill and negative goodwill

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Amortisation is included within administrative expenses within the statement of comprehensive income. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software and trademarks	-	3 years
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The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Notes (forming part of the Financial Statements)

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

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 statement of comprehensive income in the periods during which services are rendered by employees.

Notes (forming part of the Financial Statements)

Company Plans

The Company operates a number of defined contribution pension plans. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the plans.

Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Provisions

A provision is recognised in the statement of financial position when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Revenue recognition

General

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control of a product or service to a customer.

Performance obligations and timing of revenue recognition

The majority of the Company's revenue is derived from the distribution, recovery and reclamation services of specialty gases and chemicals. Revenue is recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. Revenue relating to recovery and reclamation services is recognised at a point in time as and when the relevant performance obligations have been satisfied. Revenue relating to storage and other tertiary services is recognised over time as and when the relevant performance obligations have been satisfied.

Returns and refunds are reviewed on a case by case basis and where agreed, a credit note is issued. This is recognised against the original sale.

Determining the transaction price

Most of the Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold. There is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Practical Exemptions

Notes (forming part of the Financial Statements)

The Company has taken advantage of the practical exemptions:

- Not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- Expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Notes (forming part of the Financial Statements)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Notes (forming part of the Financial Statements)

Expenses

Financing income and expenses

Financing expenses comprise interest payable, finance charges on lease liabilities recognised in the statement of comprehensive income using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the statement of comprehensive income (see foreign currency accounting policy).

All borrowing costs are recognised in profit or loss using the effective interest method. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

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

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 statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Cylinder deposits and charges

Where applicable, deposits are required on delivery to customers of gases and chemicals in returnable cylinders. Such deposits are refundable on return of cylinders in good condition within specific terms and conditions.

Cylinders are included in fixed assets at cost. Cylinders not returned by customers are treated as disposals of fixed assets and the deposits received are treated as the proceeds of disposal. The estimated useful life is 10 years.

Where deposits are not required on delivery, a charge is usually made in the event that the cylinder is not returned within an agreed period. In this event, the charge is released to the credit of the profit and loss account.

Notes (forming part of the Financial Statements)

Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital reserve represents the nominal value of shares issued.

Retained earnings

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

Government Grants

The Company recognises Government Grants within Other Income of the profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate.

Notes (forming part of the Financial Statements)

2. Revenue

	2020 £000	2019 £000
Sale of gases, chemicals and services	<u>24,972</u>	<u>43,646</u>
By geographical market:		
United Kingdom	23,688	33,276
The Americas	-	655
Europe	<u>1,284</u>	<u>9,715</u>
	<u>24,972</u>	<u>43,646</u>

Turnover represents the sale of gases, chemicals and services which fall within the Company's ordinary activities, stated net of value added tax.

All products and services are transferred at a point in time (2019: point in time).

The comparative figures have been restated by £1,496,119 in respect of revenue that has been reclassified as cost of sales.

Notes (forming part of the Financial Statements)

3. Other operating income

	2020 £000	2019 £000
Government grants	103	-
	<u>103</u>	<u>-</u>

Other operating income recognised during the year includes government grants received of £103,145 (2019: £0,000) in relation to the UK Government Coronavirus Job Retention Scheme.

4. Expenses and auditors' remuneration

Included in profit are the following:

	2020 £000	2019 £000
Depreciation of owned property, plant and equipment	1,794	1,788
Depreciation of right-of-use assets	449	478
Amortisation of intangible assets	-	2
Profit on disposal of property, plant and equipment	(204)	(204)
	<u></u>	<u></u>
Auditor's remuneration:		
- Audit of these financial statements	50	43
	<u>50</u>	<u>43</u>

Fees paid to the Company's auditor, Deloitte LLP, for services other than the statutory audit of the Company are not disclosed in the Company's accounts since the consolidated accounts of the company's ultimate UK parent, A-Gas Group Limited, disclose non-audit fees on a consolidated basis.

Notes (forming part of the Financial Statements)

5. Staff numbers and costs

The monthly average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2020 No.	2019 No.
Sales and administration	32	43
Production and technical	57	66
	<u>89</u>	<u>109</u>

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	3,365	4,566
Social security costs	361	490
Contributions to defined contribution plans	180	247
	<u>3,906</u>	<u>5,303</u>

Within other operating income is £103,145 of income from the UK Government Coronavirus Job Retention Scheme.

6. Directors remuneration

	2020 £000	2019 £000
Remuneration and amounts receivable under long term incentive	280	354
Company contributions to money purchase pension plans	18	20
	<u>298</u>	<u>374</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid Director was £170,000 (2019: £213,000), and Company pension contributions of £10,000 (2019: £10,000) were made to a money purchase scheme on their behalf. The number of Directors for which pension contributions were made was 2 (2019: 2). Amounts receivable under other long term benefits were £nil (2019: £nil). Two of the Directors receive remuneration from A-Gas (Orb) Limited; these costs were partially recharged to the Company via a Management Charge.

Notes (forming part of the Financial Statements)

7. Finance income

	2020 £000	2019 £000
Other Interest	-	12
Net foreign exchange gain	399	-
	<u>399</u>	<u>12</u>

8. Finance expense

	2020 £000	2019 £000
Net foreign exchange loss	-	259
Interest expense on lease liabilities	235	243
	<u>235</u>	<u>502</u>

Notes (forming part of the Financial Statements)

9. Taxation

	2020		2019	
	£000	£000	£000	£000
Current tax expense				
Current tax on profits for the year	-		617	
Adjustments in respect of prior periods	(216)		(114)	
Total current tax		(216)		503
<i>Deferred tax expense (see note 17)</i>				
Origination and reversal of timing differences	104		(33)	
Adjustments in respect of prior periods	155		(68)	
Effect of tax rate change on opening balance	39		-	
Total deferred tax		298		(101)
Total tax charge		82		402

Reconciliation of effective tax rate:

	2020	2019
	£000	£000
Profit for the period	5,299	11,834
Total tax charge	82	402
Profit for the period before tax	5,381	12,236
Tax using the UK corporation tax rate of 19% (2019: 19%)	1,022	2,325
Expenses not deductible for tax purposes	6	6
Fixed asset differences	15	15
Thin capitalisation and transfer pricing	102	135
Income not taxable	-	(121)
Remeasurement of deferred tax for changes in tax rates	39	-
Adjustments to deferred tax in respect of prior periods	155	(68)
Difference in current and deferred tax	-	4
Adjustments in respect of prior periods	(216)	(114)
Group relief for no consideration	(1,041)	(1,780)
Total tax charge	82	402

Notes (forming part of the Financial Statements)

The Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%, which was enacted on 17 March 2020. As such, DT balances as at 31 December 2020 are measured at 19%. This resulted in an increase of the net deferred tax liability in A-Gas (UK) Limited of £39,692.

In the March 2021 Budget, it was announced that the main rate of corporation tax will be increased to 25% for businesses with profits exceeding £250,000 from 1 April 2023. As this is not substantively enacted by the balance sheet date, balances are measured at 19%. Deferred tax calculated at the amended tax rate of 25% would cause a £197,943 increase in the net deferred tax liability carried forward.

Notes (continued)

10. Intangible assets

	Goodwill	Software and trademarks	Total
	£000	£000	£000
Cost			
Balance at 1 January 2020	517	224	741
Disposals	-	(1)	(1)
Balance at 31 December 2020	517	223	740
Amortisation			
Balance at 1 January 2020	(202)	(224)	(426)
Disposals	-	1	1
Balance at 31 December 2020	(202)	(223)	(425)
Net book value			
At 31 December 2020	315	-	315
Balance at 1 January 2020	315	-	315

The goodwill cost arose on the acquisition of the trade and assets of Beer Gas Supply Limited.

Software assets are capitalised costs in relation to software development and are amortised evenly over their presumed useful life of three years.

Notes (continued)

11. Property, plant and equipment

	Leasehold land and property £000	Plant and equipment £000	Office and vehicles £000	Total £000
Cost				
Balance at 1 January 2020	776	24,321	1,162	26,259
Additions	46	935	24	1,005
Disposals	-	(143)	(379)	(522)
Balance at 31 December 2020	822	25,113	807	26,742
Depreciation				
Balance at 1 January 2020	(416)	(15,437)	(889)	(16,742)
Depreciation charge for the year	(52)	(1,600)	(142)	(1,794)
Disposals	-	107	379	486
Balance at 31 December 2020	(468)	(16,930)	(652)	(18,050)
Net book value				
At 31 December 2020	354	8,183	155	8,692
At 1 January 2020	360	8,884	273	9,517

Leasehold land and property

	2020 £000	2019 £000
The net book value of land and buildings		
Long leasehold	354	360
	354	360

Notes (continued)

12. Inventories

	2020 £000	2019 £000
Chemicals and gases in storage	<u>3,911</u>	<u>4,200</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to £6,613,000 (2019: £16,880,000). The write-down of stocks to net realisable value amounted to £nil (2019: £nil). The reversal of write-downs amounted to £nil (2019: £nil). The write-downs and reversal are included in cost of sales.

13. Debtors

	2020 £000	2019 £000
Trade debtors	3,287	8,085
Other debtors	112	247
Prepayments	440	336
Loans owed by group undertakings	1,196	1,196
Receivables owed from group undertakings	21,847	18,660
Taxation receivable	542	-
	<u>27,424</u>	<u>28,524</u>

Loans due from group undertakings are unsecured and have no fixed repayment terms. Receivables owed from group undertakings are unsecured, have no fixed repayment terms and incur no interest charges. All debtors are due within one year. Of the Receivables owed from group undertakings £21,143,372 is owed by entities with control over the Company and £703,880 is owed by other Group subsidiaries with common control.

Notes (continued)

14. Cash and cash equivalents

	2020 £000	2019 £000
Cash and cash equivalents per balance sheet	8,574	11,276
	<u>8,574</u>	<u>11,276</u>

15. Creditors: amounts due in less than one year

	2020 £000	2019 £000
Bank overdrafts	2,841	-
Trade creditors	549	913
Amounts owed to group undertakings	11,493	10,808
Taxation payable	-	6
VAT and payroll taxes	1,160	878
Accruals	595	564
Other creditors	182	234
Lease liabilities	392	387
Cylinder charges	9	13
	<u>17,221</u>	<u>13,803</u>

Any overdraft drawn down is secured by charges on the Company's and other Group companies' assets and is not repayable on demand

Loans due to group undertakings are unsecured, have no fixed repayment terms and incur no interest charges. See note 24.

Of amounts owed to group undertakings £11,414,223 is owed to entities with control over the Company and £78,988 is owed to other Group subsidiaries with common control.

Notes (continued)

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

	2020 £000	2019 £000
Lease liabilities	3,326	3,694
Deferred tax (Note 17)	627	329
	<u>3,953</u>	<u>4,023</u>

17. Deferred tax assets and liabilities

The following are the major deferred tax liabilities and assets recognised by the Company and the movements thereon during the current and prior reporting period.

	Fixed asset timing differences £000	Other short term timing differences £000	IFRS 16 timing differences £000	Tax losses £000	Total £000
Balance at 1 January 2019	(444)	3	-	-	(441)
(Charge)/Credit to profit or loss	77	27	(3)	-	101
Charge directly to equity			11	-	11
At 1 January 2020	(367)	30	8	-	(329)
(Charge)/credit to profit or loss	(303)	7	(3)	-	(298)
	<u>(670)</u>	<u>37</u>	<u>5</u>	<u>-</u>	<u>(627)</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes paid by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 £000	2019 £000
Deferred tax liabilities	(670)	(367)
Deferred tax assets	43	38
	<u>(627)</u>	<u>(329)</u>

Notes (continued)

18. Employee benefits

The Company operates a defined contribution pension plans. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £180,000 (2019: £247,000).

Contributions of £2,058 (2019: £8,287) were payable to the scheme at year end, and the Company had no outstanding or prepaid contributions at the end of either year.

The pension contributions of group Directors are disclosed in the statutory accounts of the ultimate UK parent company, A-Gas Group Limited.

19. Capital and reserves

	2020 £000	2019 £000
<i>Authorised, allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

The amount of dividends per share for 2020 was £279.91 per share (2019: £186.01).

Notes (continued)

20. Leases

The Company leases many assets including land and buildings, vehicles, machinery and IT equipment. The average lease term is four years. Information about leases for which the Company is a lessee is presented below.

Right-of-Use Assets

	Land and buildings £000	Plant, machinery and motor vehicles £000	Total £000
At 1 January 2020	3,669	277	3,946
Additions	-	16	16
Depreciation	(317)	(132)	(449)
At 31 December 2020	3,352	161	3,513

	Land and buildings £000	Plant, machinery and motor vehicles £000	Total £000
At 1 January 2019	3,985	413	4,398
Additions	-	26	26
Depreciation	(316)	(162)	(478)
At 31 December 2019	3,669	277	3,946

Amounts through profit and loss

	2020 £000	2019 £000
Depreciation expense on right-of-use assets	449	478
Interest expense on lease liabilities	235	243
Expense relating to short-term leases	-	56
Total	684	777

Lease Liabilities

	Current £000	Non-Current £000	Total £000
At 31 December 2020			
Contractual undiscounted minimum lease payments	551	4,614	5,165
Effect of discounting	(159)	(1,288)	(1,448)
Lease Liabilities	392	3,326	3,717

Total cash outflow for leases was £616,000 (2019: £620,000).

Notes (continued)

Nature of leasing activities (in the capacity as lessee)

The Company leases property, vehicles and certain items of plant and equipment. Leases of property, plant, equipment and vehicles comprise only fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable.

31 December 2020

	Lease Contracts Number	Fixed Payments %	Variable Payments %
Property leases with variable payments	-	0%	100%
Property leases with fixed payments	3	100%	0%
Leases of plant and equipment	11	100%	0%
Vehicle leases	10	100%	0%
Total	24	100%	100%

31 December 2019

	Lease Contracts Number	Fixed Payments %	Variable Payments %
Property leases with variable payments	-	0%	100%
Property leases with fixed payments	3	100%	0%
Leases of plant and equipment	11	100%	0%
Vehicle leases	9	100%	0%
Total	23	100%	100%

The Company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Company will consider whether the absence of a break clause would expose the Company to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Company.

At both 31 December 2020 and 2019 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses.

This is because on both dates it was considered reasonably certain that the Company would not exercise its right to exercise any right to break the lease.

Notes (continued)

21. Financial instruments

The Company's financial instruments may be analysed as follows:

	2020 £000	2019 £000
Financial assets		
Financial assets measured at amortised cost	35,016	39,464
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	(15,660)	(12,519)
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, loans owed by group undertakings and receivables owed from group undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors, accruals and amounts owed by group undertakings.

22. Capital Commitments

The Company had no capital commitments at the balance sheet date.

23. Contingencies

The Company together with other group subsidiaries has fixed and floating charges under a charge dated 11 August 2017 in respect of loans and bank borrowings of an intermediate holding company of the Group. The total amount of loans guaranteed at 31 December 2020 was £237,478,530 (2019: £232,120,213). As at 31 December 2020, £235,085,423 (2019: £220,269,209) was utilised.

The company together with group subsidiaries has guaranteed the group revolving credit facility to the extent of £30,000,000 (2019: £30,000,000). As at 31 December 2020, £26,337,240 (2019: £25,342,702) was utilised.

24. Post Balance Sheet Event

On the 22 March 2021, the Company paid dividends totalling £2,500,000 to their parent company A-Gas International Limited. As the Dividend was declared post 31 December 2020, this is a non-adjusting post balance sheet event as of 31 December 2020.

Notes (continued)

25. Related party transactions

The Company has taken advantage of the exemption given by FRS101 to subsidiary undertakings, 100% of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

	Loans & receivables outstanding		Loans & creditors outstanding	
	2020 £000	2019 £000	2020 £000	2019 £000
Entities with control	21,143	17,716	11,414	10,790
Other Group subsidiaries with common control	1,900	2,140	79	18
	23,043	19,856	11,493	10,808

26. Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the 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 that are 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 judgements in applying the group's accounting policies

In preparing these financial statements, the Directors have concluded that in the application of these accounting policies, there have been no judgements that have a significant effect on the financial statements, nor any estimates with a significant risk of material misstatement.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty

Notes (continued)

27. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of A-Gas International Limited. The registered address of A-Gas International Limited is Banyard Road, Portbury West, Bristol, Somerset, BS20 7XH. The ultimate holding company is Clean TopCo Limited, incorporated in the Cayman Islands, and the registered address is: P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The ultimate controlling party is KKR & Co. Inc., incorporated in Delaware, United States of America and registered at 30 Hudson Yards, Suite 7500, New York, New York, 10001, United States of America.

The largest and smallest group in which the results of the Company are consolidated is that headed by A-Gas Group Limited, incorporated in the United Kingdom, and the registered address is: 11th Floor, 200 Aldersgate Street, London, EC1 4HD, United Kingdom. Consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.