

**Company number:
03290431**

**BALLAST PHOENIX LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

**MOORE STEPHENS
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
RUTLAND HOUSE
MINERVA BUSINESS PARK
LYNCH WOOD
PETERBOROUGH
CAMBRIDGESHIRE
PE2 6PZ**



BALLAST PHOENIX LIMITED

COMPANY INFORMATION

Company number: 03290431

Directors: D M York
A C G Van Beurden
R Malizia

Secretary: P Peters

Registered office: Victoria Stables
South Road
Bourne
Lincolnshire
PE10 9JZ

Statutory auditors: Moore Stephens
Chartered Accountants
Statutory Auditors
Rutland House
Minerva Business Park
Lynch Wood
Peterborough
Cambridgeshire
PE2 6PZ

Bankers: HSBC
3 North Street
Bourne
PE10 9AE

Solicitors: Hegarty & Co
48 Broadway
Peterborough
PE1 1YW

BALLAST PHOENIX LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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BALLAST PHOENIX LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the company is the processing and marketing of incinerator bottom ash (IBA) to recover and produce aggregate thus avoiding land filling of IBA

There has not been any significant change in this activity during the year

Review of business

Uncertain world financial conditions continued to impact our business throughout 2011. This was particularly evident for aggregate sales, reflecting a much reduced market place for construction. Sales volumes and prices were both down. At the year end, stock levels at company sites were higher than intended. Metals prices have remained at reasonable levels.

A further site was opened at Tilbury Docks in the Spring, to accept IBA from the new Riverside Resource Recovery Facility at Belvedere. This is the company's site, with an annual predicted input of 170,000 tonnes per annum. The commissioning process went satisfactorily and sales were established to the end of the year, keeping stockpiles at a reasonable level.

The improvements/upgrades of the process started last year at both Edmonton and Castle Bromwich have been successfully integrated, with beneficial results, justifying the expenditure.

The directors can report a substantial increase in turnover to £14,945,895.

Future developments

Following regulatory proposals made some years ago, all BPL sites have to apply for an 'Environmental Permit'. These are intended to be in place by 1 April 2012, to replace the exemptions under which business has been undertaken to date. Applications were submitted to a program agreed with the regulator and have been 'duly made' at all but one site, where the circumstances are complicated and the regulator is deciding how to deal with this. BPL is engaged with the regulator in providing information in support of the applications.

Further development is scheduled to take place at Castle Bromwich in early 2012, to produce additional stockpiling areas and a lagoon for drainage water.

Development of the IBA Quality Protocol is ongoing, with a very large laboratory testing exercise (funded by industry) being undertaken at a specialist laboratory in Denmark. The results should be available in early summer and will be used to inform the QP development group about geochemical behaviour of IBA.

BALLAST PHOENIX LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Donations

Political and charitable donations did not exceed £2,000 in the year

Results and dividends

The profit for the year amounted to £3,131,288 which has been transferred to reserves. Dividends of £1,000,000 were paid during the year.

The results for the year are set out on page 7. Whilst the profit generated was pleasing, the directors have noted the need to keep pressure on the basics of good cost control and an aggressive, hungry sales effort.

After taking account of working capital needs, the directors have agreed that the surplus is to be distributed to shareholders and a dividend of £2,000,000 was therefore declared on 18 January 2012.

Financial risk management objectives and policies

The company uses various financial instruments which include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The company seeks to manage such risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company policy throughout the year has been to manage this risk through the day to day involvement of management in business decisions other than through setting maximum or minimum liquidity ratios.

Interest rate risk

The company finances its operations through retained profits, finance lease agreements and preference shares.

The balance sheet includes trade debtors and creditors which do not attract interest, except for the cumulative redeemable preference shares which have been classed as debt, and are therefore subject to fair value interest rate risk.

The company policy throughout the year has been to manage this risk through the day to day involvement of management in business decisions.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. Credit risk arising from trade debtors is also limited due to the nature of the company's trading and its customers.

BALLAST PHOENIX LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Directors

The directors of the company during the year and their respective family interests in the share capital of the company as recorded in the register of directors' interests were as follows

	2011	2010
	No.	of shares
D M York	22,688	22,688
A C G Van Beurden	-	-
R Malizia	-	-

Responsibilities of the directors

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 law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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.

In the case of each of the persons who are directors at the time when the directors report is approved

- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that they ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BALLAST PHOENIX LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Auditors

The auditors, Moore Stephens, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006

On behalf of the board



D M York
Director

2,3,12

Victoria Stables
South Road
Bourne
Lincolnshire
PE10 9JZ

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BALLAST PHOENIX LIMITED

We have audited the financial statements of Ballast Phoenix Limited for the year ended 31 December 2011 on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement (set out in the directors' report), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALLAST PHOENIX LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for 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

Andrew Hancock FCCA

Senior Statutory Auditor

For and on behalf of Moore Stephens

Chartered Accountants

Statutory Auditors

Rutland House

Minerva Business Park

Lynch Wood

Peterborough

Cambridgeshire

PE2 6PZ

Dated 7 March 2012

BALLAST PHOENIX LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Turnover	2	14,945,895	9,584,764
Cost of sales		(9,237,020)	(6,682,336)
Gross profit		<u>5,708,875</u>	<u>2,902,428</u>
Administrative expenses		(1,253,087)	(638,243)
Operating profit	3	4,455,788	2,264,185
Other interest receivable and similar income		1,213	1,107
Interest payable	6	(144,614)	(184,005)
Profit on ordinary activities before taxation		<u>4,312,387</u>	<u>2,081,287</u>
Tax on profit on ordinary activities	7	(1,181,099)	(768,984)
Profit for the year		<u><u>3,131,288</u></u>	<u><u>1,312,303</u></u>

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during 2011 therefore turnover and operating profit derived entirely from continued operations

The company has no recognised gains or losses other than the profit for the financial year

The annexed notes form part of these financial statements

COMPANY NUMBER: 03290431

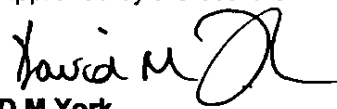
BALLAST PHOENIX LIMITED

BALANCE SHEET

AT 31 DECEMBER 2011

	Note	2011	2010
		£	£
Fixed assets			
Tangible assets	8	5,620,661	3,460,177
Current assets			
Stocks	9	201,305	316,891
Debtors	10	3,652,296	2,711,524
Cash at bank and in hand		1,679,589	724,388
		<u>5,533,190</u>	<u>3,752,803</u>
Creditors			
Amounts falling due within one year	11	(4,542,290)	(3,684,568)
Net current assets		<u>990,900</u>	<u>68,235</u>
Total assets less current liabilities		<u>6,611,561</u>	<u>3,528,412</u>
Creditors			
Amounts falling due after more than one year	12	(2,503,068)	(1,663,462)
Provisions for liabilities	13	(325,521)	(213,266)
Net assets		<u><u>3,782,972</u></u>	<u><u>1,651,684</u></u>
Capital and reserves			
Called up share capital	14	302,500	302,500
Capital redemption reserves	15	1,129,189	1,129,189
Profit and loss account	16	2,351,283	219,995
Shareholders' funds	17	<u><u>3,782,972</u></u>	<u><u>1,651,684</u></u>

Approved by the board of directors on 2,3,12 and signed on its behalf


D M York
Director

The annexed notes form part of these financial statements

BALLAST PHOENIX LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	18	4,755,793	2,498,938
Returns on investments and servicing of finance	19	(143,401)	(182,898)
Taxation		(809,567)	(256,763)
Capital expenditure	19	(2,807,842)	(1,008,005)
Equity dividends paid		(1,000,000)	(199,996)
		<u>(5,017)</u>	<u>851,276</u>
Financing	19	960,218	(1,473,171)
Increase/(decrease) in cash		<u>955,201</u>	<u>(621,895)</u>

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

These financial statements have been prepared in accordance with applicable accounting standards

Turnover

Turnover represents income receivable from the processing and marketing of incinerator bottom ash in the period, exclusive of Value Added Tax and trade discounts

One of the company's income streams is the receipt of a tonnage fee from incinerator operators for taking IBA from them and thereby reducing their landfill burden. Owing to the nature and location of each site, some contracts provide for this fee to be paid on collection or delivery of the IBA to our processing site, whereas others provide for payment when the processed material leaves the site. The directors believe the most appropriate accounting policy is that revenue is recognised in accordance with the contractual position.

Depreciation of fixed assets

Depreciation has been computed to write off the cost of fixed assets over their expected useful lives on a monthly basis at the following rates -

Fixtures and fittings	33 33% per annum straight line
Plant and operating facilities	10% per annum straight line / remaining life of contract / 25% per annum straight line

Stocks

Stocks and work in progress are valued consistently at the lower of cost (on a first in, first out basis) and net realisable value. Cost, where appropriate, includes a proportion of directly attributable overheads.

Pre contract costs

UITF 34 (Pre Contract Costs) requires pre contract costs to be expensed as incurred. Costs, directly attributable to a specific contract, will be recognised as an asset where it is virtually certain that the contract is expected to result in future profits.

Debtors

Debtors are shown after providing for any amounts which in the opinion of the directors may not be collected in full.

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Deferred taxation

Deferred tax assets and liabilities have arisen from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. In accordance with Financial Reporting Standard No 19, full provision is made for all liabilities, and provision is made for assets to the extent that they are considered more likely than not to be recoverable in the foreseeable future. Provision is made using tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based upon rates enacted at the balance sheet date.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit, which is five years.

Foreign exchange

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the operating profit.

Leasing

Leasing rentals payable on agreements which transfer substantially all the risk and rewards associated with ownership of the lessee ("finance leases") are capitalised within fixed assets, and the obligation to pay future rentals included in creditors as a liability. The interest charges implicit in such a lease are written off to the profit and loss account in proportion to the balance outstanding during the year.

All other leasing rentals ("operating leases") are written off to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme and pension contributions are charged to the profit and loss account as they fall due.

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

2 Turnover

Turnover is attributable solely to continuing operations

The directors consider that all turnover arises from one geographical segment as defined by SSAP 25. The segment is the geographical area in which the company operates.

	2011 £	2010 £
The analysis of turnover by area is as follows		
United Kingdom and Eire	14,945,895	9,584,764
	<u>14,945,895</u>	<u>9,584,764</u>

3 Operating profit

This is stated after charging

	2011 £	2010 £
Directors' emoluments	98,882	106,087
Auditors' remuneration - audit	11,800	11,400
- other non-audit services	3,035	3,335
Depreciation of owned assets	151,110	241,141
Depreciation of assets held under finance leases and hire purchase contracts	496,248	269,322
Pension costs	34,094	31,381
Operating leases - plant and machinery	757,171	631,173
- other	202,614	192,902
	<u>202,614</u>	<u>192,902</u>

4 Directors' emoluments

	2011 £	2010 £
Directors' emoluments	98,882	106,087
	<u>98,882</u>	<u>106,087</u>

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

5 Staff costs

The average number of persons employed by the company, including directors, during the year was as follows

	2011	2010
Management, including directors	15	13
Operational	41	31
Administration	6	6
	<u>62</u>	<u>50</u>

The aggregate payroll costs of these persons were as follows

	2011 £	2010 £
Wages and salaries	2,123,300	1,710,163
Social security	222,759	180,090
Other pension costs	34,094	31,381
	<u>2,380,153</u>	<u>1,921,634</u>

6 Interest payable

	2011 £	2010 £
Hire purchase interest	144,614	135,633
Dividend on cumulative redeemable preference shares	-	48,372
	<u>144,614</u>	<u>184,005</u>

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

7 Taxation on profit on ordinary activities

	2011	2010
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	1,072,007	602,630
Adjustments in respect of previous period - group loss relief	(45,101)	(59,901)
- other	(3,163)	(68,237)
Payment to group companies for group losses claimed	45,101	59,901
	<u>1,068,844</u>	<u>534,393</u>
Deferred tax:		
Derecognition of asset on abolition of Industrial Building Allowances	-	159,216
Adjustments in respect of prior year	-	78,249
Origination and reversal of timing differences	112,255	(2,874)
	<u>1,181,099</u>	<u>768,984</u>
Tax on profit on ordinary activities	<u><u>1,181,099</u></u>	<u><u>768,984</u></u>

Factors affecting tax charge for year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	4,312,387	2,081,287
	<u>4,312,387</u>	<u>2,081,287</u>
Standard UK corporation tax rate	26 00 %	28 00 %
Profit/(loss) on ordinary activities multiplied by standard UK corporation tax rate	1,121,221	582,760
Effects of		
Expenses not deductible for tax purposes	50,893	16,996
Capital Allowances in excess of depreciation	(118,900)	2,874
Adjustments for prior periods	(3,163)	(68,237)
Other differences	18,793	-
	<u>1,068,844</u>	<u>534,393</u>
Current tax charge for the year	<u><u>1,068,844</u></u>	<u><u>534,393</u></u>

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

8 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 January 2011	6,007,782	104,109	6,111,891
Additions	2,801,508	6,334	2,807,842
	<u>8,809,290</u>	<u>110,443</u>	<u>8,919,733</u>
At 31 December 2011			
Depreciation			
At 1 January 2011	2,573,195	78,519	2,651,714
Charge for the year	632,548	14,810	647,358
	<u>3,205,743</u>	<u>93,329</u>	<u>3,299,072</u>
At 31 December 2011			
Net book value			
At 31 December 2011	<u>5,603,547</u>	<u>17,114</u>	<u>5,620,661</u>
At 31 December 2010	<u>3,434,587</u>	<u>25,590</u>	<u>3,460,177</u>

The net book value of assets held under hire purchase & finance lease contracts is analysed as follows

	2011 £	2010 £
Plant and machinery	<u>3,441,666</u>	<u>1,973,903</u>

9 Stocks

	2011 £	2010 £
Finished goods	<u>201,305</u>	<u>316,891</u>
	<u>201,305</u>	<u>316,891</u>

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

10 Debtors

	2011	2010
	£	£
Due within one year		
Trade debtors	2,161,036	2,244,058
Amounts owed by group undertakings	1,075,000	-
Other debtors	16,876	-
Prepayments and accrued income	399,384	467,466
	<u>3,652,296</u>	<u>2,711,524</u>

11 Creditors - amounts falling due within one year

	2011	2010
	£	£
Trade creditors	1,881,924	1,932,142
Amounts owed to group undertakings	60,870	59,901
Redeemable preference shares	-	360,811
Corporation tax	726,907	467,630
Other taxes and social security	482,773	173,607
Obligations under finance leases and hire purchase contracts	812,927	331,504
Accruals and deferred income	576,889	358,973
	<u>4,542,290</u>	<u>3,684,568</u>

Finance lease and hire purchase creditors are secured on the assets concerned

Of the creditors falling due within one year £812,927 (2010 £331,504) is secured

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

12 Creditors - amounts falling due after more than one year

	2011 £	2010 £
Obligations under finance leases and hire purchase contracts	2,503,068	1,663,462
	<u>2,503,068</u>	<u>1,663,462</u>

The maturity of these amounts is as follows

	2011 £	2010 £
Amounts payable		
Between one and two years	834,396	351,743
Between two and five years	1,668,672	1,115,060
After five years	-	196,659
	<u>2,503,068</u>	<u>1,663,462</u>
	<u>2,503,068</u>	<u>1,663,462</u>

Finance lease and hire purchase creditors are secured on the assets concerned

Of the creditors falling due after more than one year £2,503,068 (2010 £1,663,462) is secured

13 Provisions for liabilities

	Deferred taxation £
Balance at 1 January 2011	213,266
Charged for the year in profit and loss account	112,255
	<u>325,521</u>
Balance at 31 December 2011	<u>325,521</u>

The deferred tax provision arises as follows

	Provided	Maximum potential liability		
	2011 £	2010 £	2011 £	2010 £
Accelerated capital allowances	325,521	213,266	325,521	213,266
	<u>325,521</u>	<u>213,266</u>	<u>325,521</u>	<u>213,266</u>
	<u>325,521</u>	<u>213,266</u>	<u>325,521</u>	<u>213,266</u>

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

14 Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
Ordinary shares of £1 each	302,500	302,500
4 5% cum redeemable preference shares of £1 each	-	360,811
	<u>302,500</u>	<u>360,811</u>

During the year all the remaining redeemable preference shares were redeemed at their par values of £1 each

15 Capital redemption reserves

	2011
	£
Balance at 1 January 2011	1,129,189
Movement in the year	-
	<u>1,129,189</u>
Balance at 31 December 2011	<u>1,129,189</u>

16 Profit and loss account

	2011
	£
Balance at 1 January 2011	219,995
Profit for the year	3,131,288
Dividends	(1,000,000)
	<u>2,351,283</u>
Balance at 31 December 2011	<u>2,351,283</u>

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	3,131,288	1,312,303
Dividends	(1,000,000)	(199,996)
	<u>2,131,288</u>	<u>1,112,307</u>
Preference shares redeemed	-	(586,250)
	<u>2,131,288</u>	<u>526,057</u>
Net addition to shareholders' funds	2,131,288	526,057
Shareholders' funds at 1 January 2011	1,651,684	1,125,627
	<u>3,782,972</u>	<u>1,651,684</u>
Shareholders' funds at 31 December 2011	<u>3,782,972</u>	<u>1,651,684</u>

**18 Reconciliation of operating profit
to net cash inflow from operating activities**

	2011 £	2010 £
Operating profit	4,455,788	2,264,185
Depreciation charges	647,358	510,463
Decrease/(Increase) in stocks	115,586	(113,362)
(Increase) in debtors	(940,772)	(1,498,283)
Increase in creditors	477,833	1,335,935
	<u>4,755,793</u>	<u>2,498,938</u>
Net cash flow from operating activities	<u>4,755,793</u>	<u>2,498,938</u>

BALLAST PHOENIX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

19 Gross cash flows

	2011 £	2011 £	2010 £
Returns on Investments and servicing of finance			
Interest received	1,213		1,107
Interest element of finance lease payments	(144,614)		(135,633)
Preference dividends paid	-		(48,372)
	<u> </u>	<u>(143,401)</u>	<u>(182,898)</u>
Capital expenditure			
Payments to acquire tangible fixed assets	(2,807,842)		(1,008,005)
	<u> </u>	<u>(2,807,842)</u>	<u>(1,008,005)</u>
Financing			
Increase in debt and lease financing	1,844,689		-
Capital element of finance lease rental repayments	(523,660)		(343,982)
Redemption of redeemable preference shares	(360,811)		(1,129,189)
	<u> </u>	<u>960,218</u>	<u>(1,473,171)</u>

20 Reconciliation of net cash flow to movement in net debt

	2011 £	2011 £	2010 £
Increase/(Decrease) in cash in the year	955,201		(621,895)
Cash (inflow) from increase in debt and lease financing	(1,321,029)		343,982
	<u> </u>		<u> </u>
Change in net debt resulting from cash flows		(365,828)	(277,913)
Movement in net debt in the year		<u>(365,828)</u>	<u>(277,913)</u>
Net debt at 1 January 2011		(1,270,578)	(992,665)
Net debt at 31 December 2011		<u>(1,636,406)</u>	<u>(1,270,578)</u>

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21 Analysis of net debt

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Net cash:				
Cash at bank	724,388	955,201	-	1,679,589
Debts due within one year:				
Finance leases	(331,504)	331,504	(812,927)	(812,927)
Debts due after one year:				
Finance leases	(1,663,462)	(1,652,533)	812,927	(2,503,068)
Net debt	<u>(1,270,578)</u>	<u>(365,828)</u>	<u>-</u>	<u>(1,636,406)</u>

22 Leasing commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as detailed below

	Land and buildings 2011 £	Other 2011 £	Land and buildings 2010 £	Other 2010 £
Operating leases which expire				
Within one year	19,500	6,571	19,500	18,440
Between 2 to 5 years	-	68,031	-	40,334
After 5 years	160,106	-	160,106	-
	<u>179,606</u>	<u>74,602</u>	<u>179,606</u>	<u>58,774</u>

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23 Pension costs

The company operates a defined contribution pension scheme in respect of employees (not directors). The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £34,094 (2010 £31,381).

24 Related party transactions

During the year the company conducted transactions, in the ordinary course of business, with Recycling Maatschappij "Feniks" BV, trading as Feniks Recycling. This company is a fellow subsidiary of Ballast Nedam NV. These transactions amounted to the purchase of goods and services amounting to £1,744,611 (2010 £273,251), management charges payable to Feniks Recycling amounting to £100,307 (2010 £44,000) and sales to Feniks of goods and services of £49,872 (2010 £2,556). At the year end an amount of £18,932 (2010 £Nil) was due to Feniks Recycling.

The following amounts were also due to group companies in respect of payment for group loss relief:

	2011	2010
	£	£
Ballast Nedam Environmental Engineering Limited	41,938	39,699
Ballast Nedam UK Limited	-	20,202

Feniks Recycling has also given a guarantee in respect of the company's finance lease obligations.

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25 Transactions with directors and officers

The premises from which the head office operates are owned by D M York, a director

The rent paid in the year was £19,500 (2010 £19,730) There was no balance outstanding at the year end The annual lease commitment is £19,500 (2010 £19,500)

26 Ultimate holding company

The immediate parent undertaking is Recycling Maatschappij "Feniks" BV, trading as Feniks Recycling Feniks Recycling own 92.5% of the allotted ordinary share capital of the company

The ultimate parent undertaking is Ballast Nedam NV, a company registered in the Netherlands Group accounts can be obtained from www.ballast-nedam.nl

27 Ultimate controlling party

In the opinion of the directors there is no ultimate controlling party

28 Events since the year end

Since the year end, the company has declared and paid a dividend of £2,000,000