

Ballast Phoenix Limited

**Strategic Report, Directors' Report
and financial statements**

Registered number 03290431

31 December 2016

THURSDAY



A6EFZBR4

A07

07/09/2017

#361

COMPANIES HOUSE

Contents

Company information	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	5
Independent auditor's report to the members of Ballast Phoenix Limited	6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

Company information

Company number: 03290431

Directors: D M York
P C L Knight
M L Turner

Registered office: 1 Victoria Stables
Essex Way
Bourne
Lincolnshire
PE10 9JZ

Statutory auditors: KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers: Lloyds Bank Plc
Citymark
150 Fountainbridge
Edinburgh
EH3 9PE

Solicitors: Hegarty & Co
48 Broadway
Peterborough
PE1 1YW

Strategic report

The directors present their Strategic Report of the Company for the year ended 31 December 2016.

Review of business

The Company brought into production an additional five new sources of IBA during 2016. Also in the year, one contract was not renewed. As a result the Company is providing IBA processing services to fifteen Energy from Waste plants in the UK.

Annual volume of 1.5 million tonnes of IBA is being processed at eleven sites in the UK.

Of the four new processing facilities in the counties of Bristol, Cheshire, Cornwall and North Yorkshire constructed in the year, one was not in production at the year end, with IBA being processed at a neighbouring plant while the build is completed. The development of all of these projects supports our clients' objectives in providing long term waste recycling solutions.

The Company continues to expand its testing capabilities to further support its work with IBA clients, IBA aggregate customers and The Environment Agency.

Future developments

In 2017 the four newest plants are to be monitored and managed to an efficient steady state production position, in line with the existing facilities. New technology, proven in testing during 2016 is also to be invested in at two of the existing sites. The Company is continuing to source and negotiate additional IBA contracts to further grow with long term agreements with our clients. While no major new plant developments are expected to start on site in 2017, projects for subsequent year are to be progressed. In addition, sources of IBA that can be incrementally managed and processed at existing sites, are being pursued.

Research and Development continues to enable the expansion and growth of our business, allowing new opportunities to be afforded in new sectors of the industry.

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 Company policy throughout the year has been to manage these risks through the day to day involvement of management in business decisions. The directors review and agree policies for managing each of these risks.

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.

Interest rate risk

The Company finances its operations through retained profits, bank facilities and lease agreements. Competitive rates of interest are sought from the market when new interest bearing finance is brought into the business operation. The balance sheet includes trade debtors and creditors which do not attract interest.

Strategic report *(continued)*

Foreign exchange risk

Whilst the Company trades predominately in sterling, euro cash flows are also managed. The Company seeks to match common currency payments and receipts, taking account of future cash flow requirements, to minimise exposure to exchange rate movement and to minimise foreign exchange costs.

Credit risk

The principal credit risk arises from the Company's trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

On behalf of the board



P C L Knight
Director

Dated: **26/7/17**

I Victoria Stables
Essex Way
Bourne
Lincolnshire
PE10 9JZ

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal Activities

The principal activity of the Company is the processing and marketing of incinerator bottom ash (IBA).

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

Donations

Political and charitable donations did not exceed £2,000 (2015: £2,000) in the year.

Results and dividends

The profit for the year amounted to £5,640,000 (2015: £3,992,000) which has been transferred to reserves. The directors do not recommend the payment of a dividend (2015: £6,638,000).

The results for the year are set out on page 7.

Directors

The directors who served during the year were as follows:

D M York
P C L Knight
M L Turner

Disclosure of information to auditor

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

Auditor

Moore Stephens resigned as auditor during the year and KPMG LLP were appointed. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

On behalf of the board



P C L Knight
Director

Date: 26/7/17

I Victoria Stables
Essex Way
Bourne
Lincolnshire
PE10 9JZ

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 ;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



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 2016 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2016 and of its profit for the year then ended ;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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 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.

Louise De Lucchi (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated: 10 August 2017

Profit and loss account
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	31,849	23,447
Cost of sales		(21,470)	(16,028)
Gross profit		10,379	7,419
Administrative expenses		(3,013)	(2,992)
Operating profit	3	7,366	4,427
Other interest receivable and similar income		5	11
Interest payable and similar expenses	6	(787)	(190)
Profit before taxation		6,584	4,248
Tax on profit	7	(944)	(256)
Profit for the financial year		5,640	3,992

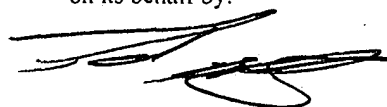
In both the current and preceding year, the Company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of other comprehensive income has been presented.

Balance sheet
at 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Fixed assets			
Tangible assets	8	25,921	16,012
Current assets			
Stocks	9	244	223
Debtors	10	8,325	4,188
Cash at bank and in hand		2,898	2,841
		<u>11,467</u>	<u>7,252</u>
Creditor: amounts falling due within one year	11	<u>(13,149)</u>	<u>(7,560)</u>
Net current liabilities		<u>(1,682)</u>	<u>(308)</u>
Total assets less current liabilities		<u>24,239</u>	<u>15,704</u>
Creditors: amounts falling due after more than one year	12	<u>(11,303)</u>	<u>(8,573)</u>
Provisions for liabilities			
Deferred tax liability	15	<u>(600)</u>	<u>(435)</u>
Net assets		<u>12,336</u>	<u>6,696</u>
Capital and reserves			
Called up share capital	16	303	303
Other reserves		1,129	1,129
Profit and loss account		10,904	5,264
Shareholders' funds		<u>12,336</u>	<u>6,696</u>

These financial statements were approved by the board of directors on 26/7/17 and signed on its behalf by:



P C L Knight
Director

Company registered number : 03290431

Statement of changes in equity

	Share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	303	1,129	7,910	9,342
Dividends	-	-	(6,638)	(6,638)
Profit for the year	-	-	3,992	3,992
Balance at 31 December 2015	303	1,129	5,264	6,696
Balance at 1 January 2016	303	1,129	5,264	6,696
Profit for the year	-	-	5,640	5,640
Balance at 31 December 2016	303	1,129	10,904	12,336

Notes to the financial statements

for the year ended 31 December 2016

1 Accounting policies

Ballast Phoenix Limited (the "Company") is a limited company incorporated, domiciled and registered in England and Wales. The registered number is 03290431 and the registered address is 1 Victoria Stables, Essex Way, Bourne, Lincolnshire, PE10 9JZ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Phoenix Advance Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Phoenix Advance Limited are available to the public and may be obtained from 1 Victoria Stables, Essex Way, Bourne, Lincolnshire, PE10 9JZ. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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

In the application of these accounting policies, the directors believe that there are no judgements that have a significant effect on the financial statements and no estimates with a significant risk of material adjustment in the next year.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.1. Going concern

Notwithstanding current liabilities, the directors continue to adopt the going concern basis in preparing the financial statements. Forecasts have been prepared for the twelve months following the date of the Directors' Report showing continued growth, profitability and positive cash generation. Performance in 2017 is currently in line with these forecasts.

1.2. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet 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 profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Company's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income. The amount of foreign exchange gains recognised in the year is £553,000 (2015: £39,000).

Notes (continued)

1 Accounting policies (continued)

1.3. 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.

For all streams of income i.e. gate fees, management fees, sale of aggregates and metals, revenue is recognised when the product leaves the site for either processing (in the case of metals) or delivery to a customer.

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.

1.4. Tangible fixed assets

Tangible fixed assets are 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 tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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

Plant and operating facilities	5-10 years straight line
Fixtures and fittings	33.33% per annum straight line

1.5. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price. 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.

Interest-bearing borrowings classified as basic financial instruments

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

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.5 Basic financial instruments (continued)

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.

1.6 Stocks

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

1.7 Employee benefits

Defined contribution plans and other long term employee benefits

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

1.8 Expenses

Operating lease

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

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest payable and Interest receivable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.9. Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

1.10. 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 capitalised and amortised over the period from which the Company is expected to benefit.

1.11. Dividends

Final dividends are only provided if they have been declared before the balance sheet date.

2 Turnover

The total turnover of the Company for the year has been derived from its principal activity.

	2016 £000	2015 £000
By geographical market:		
United Kingdom and Eire	19,945	17,772
Europe	11,904	5,675
	<u>31,849</u>	<u>23,447</u>

3 Auditor's remuneration

	2016 £000	2015 £000
Amounts receivable by the Company's auditor in respect of:		
Audit of these financial statements	29	12
Taxation compliance services	-	26
Other assurance services	1	-
	<u>30</u>	<u>38</u>

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	2016	2015
Management, including directors	24	26
Operational	69	51
Administration	14	13
	<hr/>	<hr/>
	107	90
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	4,360	3,386
Social security	394	372
Other pension costs	165	92
	<hr/>	<hr/>
	4,919	3,850
	<hr/>	<hr/>

5 Directors' remuneration

The Directors' remuneration is paid by the parent company and is recharged to the Company. The deemed remuneration of the directors for their services to the Company is as follows:

	2016 £000	2015 £000
Directors' remuneration	645	1,093
Company contributions to money purchase pension plans	11	9
	<hr/>	<hr/>
	656	1,102
	<hr/>	<hr/>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £288,000 (2015: £709,000), and company pension contributions of £6,000 (2015: £3,000) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing for two directors (2015: two).

6 Interest payable and similar expenses

	2016 £000	2015 £000
Interest payable on bank loans	494	49
Amortisation of bank loan fees	62	-
Interest payable on finance leases	231	141
	<hr/>	<hr/>
	787	190
	<hr/>	<hr/>

Notes (continued)

7 Taxation on profit

Total tax expense recognised in the profit and loss account

	2016 £000	2015 £000
<i>Analysis of charge in period</i>		
Current Tax:		
UK corporation tax on profits of the period	779	162
Total current tax	779	162
Deferred Tax:		
Origination and reversal of timing differences	256	94
Change in tax rate	(91)	-
Total deferred tax	165	94
Total tax	944	256
	2016 £000	2015 £000
Profit for the year	5,640	3,992
Total tax expense	944	256
Profit excluding taxation	6,584	4,248
Tax using UK corporation tax rate of 20% (2015: 20%)	1,317	850
Effects of:		
Expenses not deductible for tax purposes	10	37
Group relief	(333)	(658)
Adjustments for prior periods	-	7
Tax rate differential	1	6
Reduction in tax rate on deferred tax balances	(91)	-
Other differences	40	14
Total tax expense included in profit or loss	944	256

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

Notes (continued)

8 Tangible fixed assets

	Land £000	Plant and machinery £000	Fixtures and fittings £000	Assets under construction £000	Total £000
<i>Cost:</i>					
At 1 January 2016	909	17,035	164	6,796	24,904
Additions	-	3,770	5	12,147	15,922
Disposals	-	(4,149)	-	-	(4,149)
Reclassifications	-	12,949	-	(12,949)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	909	29,605	169	5,994	36,677
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation:</i>					
At 1 January 2016	-	8,763	129	-	8,892
Charge for the year	-	2,296	13	-	2,309
Disposals	-	(445)	-	-	(445)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	-	10,614	142	-	10,756
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>					
At 31 December 2016	909	18,991	27	5,994	25,921
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	909	8,272	35	6,796	16,012
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

At year end, the net carrying amount of plant and machinery leased under finance lease was £6,151,000 (2015: £3,309,000). The leased equipment secures the finance lease obligations to which they relate.

9 Stocks

	2016 £000	2015 £000
Finished goods	244	223
	<hr/>	<hr/>

10 Debtors

	2016 £000	2015 £000
Trade debtors	5,790	3,062
Amounts owed by group undertakings	1,884	231
Taxation and social security	-	331
Prepayments and accrued income	651	564
	<hr/>	<hr/>
	8,325	4,188
	<hr/>	<hr/>

Amounts owed by group undertakings are repayable on demand.

Notes (continued)

11 Creditors - amounts falling due within one year

	2016 £000	2015 £000
Bank loans	3,837	-
Trade creditors	4,357	4,691
Amounts owed to group undertakings	-	695
Corporation tax	664	85
Other taxes and social security	311	122
Obligations under finance leases	1,043	853
Accruals and deferred income	2,937	1,114
	<u>13,149</u>	<u>7,560</u>

Amounts owed to group undertakings are repayable on demand.

12 Creditors - amounts falling due after more than one year

	2016 £000	2015 £000
Bank loans	5,737	5,500
Obligations under finance leases	5,566	3,073
	<u>11,303</u>	<u>8,573</u>

13 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £000	2015 £000
Creditors falling due within less than one year		
Secured bank loans	3,837	-
Finance lease liabilities	1,043	853
	<u>4,880</u>	<u>853</u>
 Creditors falling due more than one year		
Secured bank loans	5,737	5,500
Finance lease liabilities	5,566	3,073
	<u>11,303</u>	<u>8,573</u>

Notes (continued)

13 Interest bearing loans and borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2016 £000	2015 £000
Capex facility	GBP	LIBOR + 4%	2020	Quarterly from June 2017 - June 2020	6,574	5,500
Revolving credit facility	GBP	LIBOR + 4%	2021	Revolving commitment	3,000	-
Finance lease liabilities	GBP	Various	(Note 14)	(Note 14)	6,609	3,926
					<u>16,183</u>	<u>9,426</u>

The secured bank loans include transaction and arrangement costs that are being expensed to the profit and loss account over the life of the loans. Unamortised transaction and arrangement costs of £226,000 are recognised as at 31 December 2016.

The bank loans are secured by a fixed and floating charge over the Company's assets.

Under the terms of the facilities agreement, both the Company and the parent company Phoenix Advance Limited are deemed to be guarantors of the bank loans.

14 Other interest bearing loans and borrowings

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2016 £000	Minimum lease payments 2015 £000
Less than one year	1,043	853
Between one and five years	4,478	3,073
More than five years	1,088	-
	<u>6,609</u>	<u>3,926</u>

Finance lease liabilities are secured on the asset to which they relate.

15 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2016 £000	2015 £000
Accelerated capital allowances	<u>600</u>	<u>435</u>

Notes (continued)

16 Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid :</i>		
302,500 Ordinary shares of £1 each	303	303

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

17 Employee benefits

Defined contribution plans

The Company operates three defined contribution pension plans.

The total expense relating to these plans in the current year was £165,000 (2015: £92,000)

18 Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £972,000 (2015: £7,585,000).

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	1,850	1,263
Between one and five years	4,915	1,237
More than five years	723	2,550
	<u>7,488</u>	<u>5,050</u>

During the year £2,109,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £1,492,000).

20 Related parties

As the Company is a wholly owned subsidiary of Phoenix Advance Limited, it has taken advantage of the exemption available under FRS 102 from the requirement to disclose transactions with other group companies.

At the year end the Company was owed £1,477,000 (2015: £231,000) by Inashco B.V. the ultimate controlling party.

The premises from which the head office operates are owned by D M York, a director of the Company. The rent paid in the year by the Company was £27,000 (2015: £22,750). There was no balance outstanding at the year-end (2015: £nil). The annual lease commitment is £31,000 (2015: £24,000).

All transactions are considered to be on an arm's length basis.

21 Ultimate parent company and controlling party

The immediate parent undertaking is Phoenix Advance Limited which owns 100% of the share capital in the Company.

The directors consider the ultimate controlling party to be Inashco B.V. by virtue of their majority shareholding in the equity of Phoenix Advance Limited.

The smallest group in which the results of the Company are consolidated is that headed by Phoenix Advance Limited. Consolidated accounts of this group are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest group in which the results of the Company are consolidated is that headed by Inashco B.V.. The consolidated financial statements of this group are available to the public and may be obtained from the registered office address of Petroleumweg 32 d, 3196 KD Rotterdam, The Netherlands.