MOORE

Company Registration No. 03290431 (England and Wales)

BLUE PHOENIX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

BLUE PHOENIX LIMITED

COMPANY INFORMATION

Directors	P C L Knight D M York M L Turner
Company number	03290431
Registered office	1 Victoria Stables Essex Way Bourne Lincolnshire PE10 9JZ
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	Lloyds Bank plc Citymark 150 Fountainbridge Edinburgh EH3 9PE
Solicitors	Hegarty LLP 48 Broadway Peterborough PE1 1YW

BLUE PHOENIX LIMITED

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BLUE PHOENIX LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

As a fully owned subsidiary, the Company was part of a group wide rebranding in 2019 and changed its name from Ballast Phoenix Limited to Blue Phoenix Limited. The Company now operates under the trading name of Blue Phoenix UK.

In 2019 the Company completed the building, and brought into operation, its twelfth Incinerator Bottom Ash ("IBA") processing facility at Ferrybridge, West Yorkshire. With contract wins and losses in 2019 these facilities provide services to eighteen (2018: sixteen) energy from waste plants in the UK with annualised IBA processing of 1.6m tonnes of IBA.

The Environment Agency reissued the Regulatory Position Statement ("RPS") that governs the use and application of the Company's recycled aggregate product, Incinerator Bottom Ash Aggregate, ("IBAA"), with amendments. This latest version is valid until 31 January 2021 . Industry bodies, of which the Company is a member, continue their dialogue with The Environment Agency with regards to seeking a more permanent regulatory regime for the use of IBAA.

Future developments

The Company continues to pursue improvements to existing processing plants to improve the health and safety of its employees and better separation of products sold to customers. New IBA processing contracts, and IBAA products are being explored, with the possibility of further new sites being built when long term contracts are secured to support such investment.

Principal risks and uncertainties

Some of the company's product selling prices are linked to wider supply and demand commodity pricing. The Company operates a through put model, and so some prices with rise and fall with their associated commodity benchmark. The Company does not take speculative positions on the future price of its commodity price linked products.

The Company is closely monitoring the evolution of COVID-19. While it is still too early to predict the full effects of COVID-19, the Company, as a designated "essential service" by UK Government, is continuing to trade satisfactorily, considering the challenging economic environment.The health and well-being of its people is the Company's number one priority and a range of measures to protect its staff have been implemented. At the same time, the Company recognises its vital role in continuing to supply essential waste supply chain services in response to the pandemic. Due to the dedication, commitment and hard work of its people, the Company's supply chains are functioning adequately and have remained open. Although the Company has experienced a period of reduced level of demand and lower prices for some recycled products the Company continues to monitor the situation and is taking appropriate measures to adapt to the changing market. The Company is in a strong financial position and its cash flow also remains strong. Given the unprecedented nature of the Covid-19 outbreak, it is not yet possible to determine its full impact on the Company's results for the current financial year, however, the Company expects satisfactory results in 2020.

An agreement for the United Kingdom to exit from the European Union was made between the parties in January 2020. The agreed exit date is 31 December 2020. However, details that could have an impact on the future financial performance of the Company are yet to be negotiated by the parties, the impact, if any, remains unknown.

Whilst all IBA is sourced in the United Kingdom there are significant sales of non-ferrous metals within Europe. There is nothing to indicate that this supply chain will be significantly impacted, however, given the uncertainty around this the risk remains that issues may arise in transporting goods to mainland Europe on a timely basis.

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.

Foreign exchange risk
While the Company trades predominately in Sterling, Euro cash flows are also managed. The Company seeks to firstly match common currency payments and receipts, taking into account 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 with debt ageing and collection history, influencing insured limits agreed between the Company and credit insurers from time to time.

On behalf of the board

P C L Knight
Director
13 November 2020

BLUE PHOENIX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities
The principal activity of the Company continued to be the processing and marketing of incinerator bottom ash (IBA).

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P C L Knight
D M York
M L Turner

Results and dividends
The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £13,439,673 (2018: £nil). The directors do not recommend payment of a final dividend.

Following the year end date, further dividends totalling £4million have been proposed and subsequently paid.

Financial instruments
Details in relation to financial instruments are included in the Strategic Report.

Promoting the success of the company
Blue Phoenix Limited is a wholly owned subsidiary of Inashco BV (the "Group") and therefore is subject to and abides by all Group policies and procedures. The governance framework of the Group delegates authority for local decision making to the Company up to defined levels of cost and impact. Reports are regularly made to the Group Board by the business units about the strategy, performance and key decisions taken which provides the Group Board with assurance that proper consideration is given to stakeholder interests in decision making.

The Board and management of the Company places significant importance on the strength of its relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties, the Directors of the Company, and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Such considerations ensure the business is making decisions with a longer term view in mind and with the sustainable success of the business is at its core.

Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

Details of the Company's key stakeholders and how we engage with them are set out below:

Shareholder
We rely on the support of our shareholder, and its opinions are important to us. We have an open dialogue with our shareholder through regular one-to-one meetings and reporting to the Group Board.
Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

Colleagues
We are enabled by our highly engaged colleagues and winning culture. Our people are key to the Company's success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including colleague surveys, regular meetings, face-to-face briefings, and newsletters. Key areas of focus include business updates, new products and services, health and wellbeing, inclusivity programmes, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs.

Customer
Our vision is to be the partner of choice for the energy from waste industry in the field of recycling IBA and the provider of quality recycled products to the construction and metals recovery industries. We build relationships with our customers and spend considerable time to understand their needs and views and listen to how we can improve our offer and service.

Suppliers
We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include innovation, product development, health and safety and sustainability.

Communities and the environment
We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. In consultation with our colleagues we select one main charity partner to work with across the business but also work with local charities and organisations at a site level to raise awareness and funds.
Government and regulators
We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Decision making in practice
One of the major decisions made by the Company's shareholder this year was to change the name of the Company. The Blue Phoenix Limited Board, worked with the all stakeholders in the build-up, change and subsequent reinforcement of this change.

Auditor
The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of director's responsibiltities 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

P C L Knight
Director
13 November 2020

BLUE PHOENIX LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLUE PHOENIX LIMITED

Opinion

We have audited the financial statements of Blue Phoenix Limited ("the Company") for the year ended 31 December 201 9 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.
Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

BLUE PHOENIX LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BLUE PHOENIX LIMITED

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

-
-
-
-

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
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.

Louise De Lucchi (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor 13 November 2020

Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

BLUE PHOENIX LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Turnover	**3**	46,753	55,884
Cost of sales		(33,226)	(38,717)
Gross profit		13,527	17,167
Administrative expenses		(4,738)	(4,081)
Other operating expenses		(447)	(634)
Operating profit	**4**	8,342	12,452
Interest receivable and similar income	**8**	311	143
Interest payable and similar expenses	**9**	(377)	(721)
Profit before taxation		8,276	11,874
Tax on profit	**10**	(1,366)	(1,779)
Profit for the financial year		6,910	10,095

BLUE PHOENIX LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible assets	**12**		29,462		20,911
Current assets					
Stocks	**13**	422		382	
Debtors falling due after more than one year	**14**	-		9,055	
Debtors falling due within one year	**14**	9,330		13,464	
Cash at bank and in hand		2,063		6,160	
		11,815		29,061	
Creditors: amounts falling due within one year	**15**	(14,111)		(19,416)	
Net current (liabilities)/assets			(2,296)		9,645
Total assets less current liabilities			27,166		30,556
Creditors: amounts falling due after more than one year	**16**		(8,231)		(5,245)
Provisions for liabilities	**19**		(353)		(199)
Net assets			18,582		25,112
Capital and reserves					
Called up share capital	**21**		303		303
Capital redemption reserve			1,129		1,129
Profit and loss reserves			17,150		23,680
Total equity			18,582		25,112

The financial statements were approved by the board of directors and authorised for issue on 13 November 2020 and are signed on its behalf by:

P C L Knight
Director

Company Registration No. 03290431

BLUE PHOENIX LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2018		303	1,129	13,585	15,017
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	10,095	10,095
Balance at 31 December 2018		303	1,129	23,680	25,112
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	6,910	6,910
Dividends	11	-	-	(13,440)	(13,440)
Balance at 31 December 2019		303	1,129	17,150	18,582

1 Accounting policies

Company information
Blue Phoenix Limited is a private Company limited by shares incorporated in England and Wales. The registered office is 1 Victoria Stables, Essex Way, Bourne, Lincolnshire, PE10 9JZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary a mounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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 disclosure:

- 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.

1 Accounting policies **(Continued)**

1.2 Going concern

Notwithstanding net current liabilities at 31 December 2019 of £2.2 million The directors continue to adopt the going concern basis in preparing the financial statements which they consider to be appropriate for the following reasons.

Forecasts have been prepared for the 12 months following the date of approval of these financial statements showing continued profitability and positive cash generation, even when taking into account reasonably possible downsides arising from the uncertainty around current COVID 19 pandemic and Brexit negotiations. In addition, the forecasts also consider the potential financial impact of downward pressure on global metal prices and potential exchange rate impacts whereby sales fall by 10% and costs remain the same. These forecasts indicate that the company is expected to be able to operate within the level of its current cash position and available facilities and that the Company will have sufficient funds to meet is liabilities as they fall due for that period.

Although the Group has experienced a period of reduced level of demand and lower prices for some recycled products we continue to monitor the situation and performance in 2020 is currently in line with expectations and better than the reasonably possible downside forecast. This has generated sufficient profits and cash to remove the net current liability position reported at 31 December 2019. The directors are confident that this will continue as the Group continues to operate without significant disruption and, as a designated "essential service", did so throughout the lockdown period in the UK.

The company funds its working capital requirements from its available cash balances as well as a revolving credit facility of £1.4 m and external loan facilities (more detail of which given in note 20). The revolving credit facility is undrawn at the date of approval of these financial statements. The loans are subject to financial covenants, however these covenants are measured on a group wide basis (being the group headed by Inashco B.V., together the "Inashco Group"). Directors have therefore made appropriate enquiries and reviewed the forecasts prepared by the Inashco Group. These forecasts indicate that the Inashco Group renegotiated its loan covenants subsequent to the year end but will be able to comply with these revised covenants even in reasonably possible downsides at the Inashco Group level.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 with the contractual position.

1.4 Research and development expenditure

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 the individual projects. In this situation, the expenditure is capitalised and amortised over the period from which the Company is expected to benefit.

1 Accounting policies **(Continued)**

1.5 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 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 1.10 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 follows:

Land	Not depreciated
Plant and equipment	5 - 10 years straight line
Fixtures and fittings	33.33% per annum straight line

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 Accounting policies **(Continued)**

1.7 Financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price. Trade and other creditors are raised initially at transactions 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 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 recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

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.

1.8 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 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 Accounting policies **(Continued)**

1.9 Employee benefits

Defined contribution plans and other long term employees 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.

1.10 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 current accounting policy).

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

Interest income and interest payable are recognised in profit and 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.

1 Accounting policies **(Continued)**

1.11 Foreign exchange

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 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 in consolidation, are translated to the Group'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 loss recognised in the year is £427,000, with a gain of £249,000 in the prior year.

1.12 Dividends

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

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors believe that there are no judgements that have a significant effect on the financial statements and no estimates with a risk of material adjustment in the next year.

3 Turnover and other revenue

	2019	2018
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom and Eire	33,768	33,141
Europe	12,985	22,743
	46,753	55,884

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2019 £'000	2018 £'000
Exchange losses/(gains)	427	(249)
Research and development costs	34	53
Depreciation of tangible fixed assets	4,256	4,900
Cost of stocks recognised as an expense	21,258	27,071

5 Auditor's remuneration

Fees payable to the Company's auditor and associates:	2019 £'000	2018 £'000
For audit services		
Audit of the financial statements of the Company	45	39

6 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2019 Number	2018 Number
Management, including directors	42	43
Operational	86	84
Administration	17	17
Total	145	144

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	6,960	5,781
Social security costs	732	568
Pension costs	417	291
	8,109	6,640

7 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	679	551
Company pension contributions to defined contribution schemes	33	31
	712	582

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £'000	2018 £'000
Remuneration for qualifying services	310	235
Company pension contributions to defined contribution schemes	21	20

8 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest income		
Interest on bank deposits	16	19
Interest receivable from group companies	295	124
Total income	311	143

9 Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	68	252
Interest on finance leases and hire purchase contracts	309	305
Amortisation of bank loan fees	-	164
	377	721

10 Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current year	1,212	2,323
Adjustments in respect of prior periods	-	(224)
Total current tax	1,212	2,099
Deferred tax		
Origination and reversal of timing differences	154	(320)
Total tax charge	1,366	1,779

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would instead continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	8,276	11,874
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,572	2,256
Tax effect of expenses that are not deductible in determining taxable profit	2	23
Group relief	(333)	(346)
Under/(over) provided in prior years	-	(224)
Other differences	125	70
Taxation charge for the year	1,366	1,779

11 Dividends

	2019 £'000	2018 £'000
Interim dividend	13,440	-

12 Tangible fixed assets

	Land	Assets under construction	Plant and equipment	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2019	909	1,316	38,357	172	40,754
Additions	-	12,042	4,024	-	16,066
Disposals	-	-	(3,259)	-	(3,259)
Transfers	-	(12,623)	12,623	-	-
At 31 December 2019	909	735	51,745	172	53,561
Depreciation and impairment					
At 1 January 2019	-	-	19,677	166	19,843
Depreciation charged in the year	-	-	4,254	2	4,256
At 31 December 2019	-	-	23,931	168	24,099
Carrying amount					
At 31 December 2019	909	735	27,814	4	29,462
At 31 December 2018	909	1,316	18,680	6	20,911

At the year end the net carrying amount of Plant and equipment leased under finance lease was £9,540,465 (2018: £5,981,000).

13 Stocks

	2019	2018
	£'000	£'000
Raw materials and consumables	422	382

14 Debtors

	2019	2018
Amounts falling due within one year:	£'000	£'000
Trade debtors	5,177	5,410
Amounts owed by group undertakings	3,489	7,722
Prepayments and accrued income	664	332
	9,330	13,464

14 Debtors **(Continued)**

	2019	2018
Amounts falling due after more than one year:	**£'000**	**£'000**
Amounts owed by group undertakings	-	9,055
Total debtors	9,330	22,519

All amounts owed by group undertakings are repayable on demand.

15 Creditors: amounts falling due within one year

	Notes	2019 £'000	2018 £'000
Bank loans	**17**	80	-
Obligations under finance leases	**18**	2,145	1,556
Trade creditors		6,007	5,979
Amounts owed to group undertakings		2,484	6,111
Corporation tax		344	992
Other taxation and social security		632	442
Accruals and deferred income		2,419	4,336
		14,111	19,416

Amounts due to group undertakings are repayable on demand.

16 Creditors: amounts falling due after more than one year

	Notes	2019 £'000	2018 £'000
Bank loans and overdrafts	**17**	2,163	-
Obligations under finance leases	**18**	6,068	5,245
		8,231	5,245

17 Loans and overdrafts

	2019 £'000	2018 £'000
Bank loans	2,243	-
Payable within one year	80	-
Payable after one year	2,163	-

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

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

Capex Facility had an interest rate of LIBOR 3.75% which matures in March 2024. Quarterly payments are due from December 2020 to maturity. The carrying value of this loan at 31 December 2019 was £2,243,000.

Under the terms of the facilities agreement, both the Company and the parent Company, Phoenix Advance Limited, were deemed to be guarantors of the bank loans. The covenants attached to the banking facility are tested on a group wide basis at a Blue Phoenix Group level.

The group has an unutilised RCF of £1.4m. At year end £0.4m of this was pledged to cover bank guarantees that the Group is required to provide to the Environment Agency.

18 Finance lease obligations

Future minimum lease payments due under finance leases:	2019 £'000	2018 £'000
Within one year	2,145	1,556
In two to five years	5,286	5,205
In over five years	782	40
	8,213	6,801

Finance lease payments represent rentals payable by the Company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon:

Balances:	Liabilities 2019 £'000	Liabilities 2018 £'000
Accelerated capital allowances	353	199

20 Retirement benefit schemes

Defined contribution schemes	2019 £'000	2018 £'000
Charge to profit or loss in respect of defined contribution schemes	417	291

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

21 Share capital

	2019 £'000	2018 £'000
Ordinary share capital		
Issued and fully paid		
302,500 Ordinary shares of £1 each	303	303

22 Operating lease commitments

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £'000	2018 £'000
Within one year	2,309	2,005
Between two and five years	3,690	2,755
In over five years	4,711	3,081
	10,710	7,841

During the year £2,528,727 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £2,060,000).

23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £'000	2018 £'000
Acquisition of tangible fixed assets	426	11,177

24 Events after the reporting date

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections across many countries. Management has exercised significant judgement when determining whether any adjustments are required to the financial statements as at 31 December 2019. It has been concluded that none of the conditions at the balance sheet date indicated that any adjustments would be required to the company's financial statements.

25 Related party transactions

Transactions with related parties

As the Company is wholly owned, it is entitled to take advantage of the exemption available under FRS 102 from the disclosures relating to transactions with other group companies.

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2019 £'000	2018 £'000
Entities with control, joint control or significant influence over the company	2,484	6,111

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2019 Balance £'000
Entities with control, joint control or significant influence over the Company	3,489

Amounts owed in previous period	2018 Balance £'000
Entities with control, joint control or significant influence over the Company	16,777

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 £31,000 (2018: £28,000). There was no balance outstanding at the year-end (2018: £nil). All transactions are considered to be on an arm's length basis.

Held within debtors there is a significant amount owing to the company from related parties. The directors have assessed the position and deem this related party balance recoverable.

26 Ultimate 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 for which group financial statements are prepared is that headed by Phoenix Advance Limited. Consolidated accounts for 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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.