

**MOORE STEPHENS**

Company Registration No. 03290431 (England and Wales)

**BALLAST PHOENIX LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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# **BALLAST PHOENIX LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	P C L Knight D M York M L Turner
<b>Company number</b>	03290431
<b>Registered office</b>	1 Victoria Stables Essex Way Bourne Lincolnshire PE10 9JZ
<b>Auditor</b>	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
<b>Solicitors</b>	Hegarty LLP 48 Broadway Peterborough PE1 1YW

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# **BALLAST PHOENIX LIMITED**

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# **BALLAST PHOENIX LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present the strategic report for the year ended 31 December 2017.

#### **Fair review of the business**

The Company operated eleven Incinerator Bottom Ash ("IBA") production sites during 2017. In the year an additional long term contract was awarded to the Company by Amey CESP (AWAP) ODC Limited. As a result the Company is now providing IBA processing services to sixteen Energy from waste plants in the UK.

1.4 million tonnes of IBA was processed at eleven sites in the UK in the year.

The Sheffield processing plant was upgraded in 2017.

In September 2017 The Environment Agency changed the Regulatory Position Statement ("RPS") that governs the use and application of the Company's aggregate products. Industry bodies, of which the Company is a member, are in dialogue with The Environment Agency with regards to optimising the intent of the new RPS and mitigating its impact on the UK IBA recycling industry.

#### **Future developments**

The Company continues to pursue improvements to existing processing plants. It is also anticipated that some new site capital investment developments will commence in 2018 with works expecting to continue into 2019. With new sites, new IBA processing contracts are planned.

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.

#### **Principal risks and uncertainties**

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.

# **BALLAST PHOENIX LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

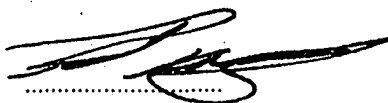
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **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

27.09.18

# **BALLAST PHOENIX LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2017***

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The directors present their annual report and financial statements for the year ended 31 December 2017.

#### **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 7.

Ordinary dividends were paid amounting to £5,750,000 (2016: £nil). The directors do not recommend payment of a final dividend.

#### **Financial Instruments**

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

#### **Auditor**

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

# **BALLAST PHOENIX LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **Statement of director's 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;
- 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

Date: 27.9.2018

# **BALLAST PHOENIX LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BALLAST PHOENIX LIMITED**

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#### **Opinion**

We have audited the financial statements of Ballast Phoenix Limited ("the Company") for the year ended 31 December 2017 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 2017 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**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### **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.

#### **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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in 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.



# **BALLAST PHOENIX LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BALLAST PHOENIX LIMITED**

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### **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](http://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

28/9/18

**Chartered Accountants**  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

# **BALLAST PHOENIX LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Turnover	3	49,397	31,849
Cost of sales		(33,814)	(21,470)
<b>Gross profit</b>		<b>15,583</b>	<b>10,379</b>
Administrative expenses		(3,905)	(3,013)
Other operating expenses		(549)	-
<b>Operating profit</b>	4	<b>11,129</b>	<b>7,366</b>
Interest receivable and similar income	8	72	5
Interest payable and similar expenses	9	(883)	(787)
<b>Profit before taxation</b>		<b>10,318</b>	<b>6,584</b>
Tax on profit	10	(1,887)	(944)
<b>Profit for the financial year</b>		<b>8,431</b>	<b>5,640</b>


# BALLAST PHOENIX LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	12	24,146	25,921
<b>Current assets</b>			
Stocks	13	306	244
Debtors falling due after more than one year	14	6,738	-
Debtors falling due within one year	14	8,660	8,325
Cash at bank and in hand		2,634	2,898
		18,338	11,467
<b>Creditors: amounts falling due within one year</b>	15	(16,167)	(13,149)
<b>Net current assets/(liabilities)</b>		2,171	(1,682)
<b>Total assets less current liabilities</b>		26,317	24,239
<b>Creditors: amounts falling due after more than one year</b>	16	(10,781)	(11,303)
<b>Provisions for liabilities</b>			
Deferred tax liability	19	(519)	(600)
<b>Net assets</b>		15,017	12,336
<b>Capital and reserves</b>			
Called up share capital	21	303	303
Capital redemption reserve		1,129	1,129
Profit and loss reserves		13,585	10,904
<b>Total equity</b>		15,017	12,336

The financial statements were approved by the board of directors and authorised for issue on 27.9.2018 and are signed on its behalf by:

  
P C L Knight  
Director

Company Registration No. 03290431

# **BALLAST PHOENIX LIMITED**

## **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Share capital £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2016</b>		303	1,129	5,264	6,696
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	5,640	5,640
<b>Balance at 31 December 2016</b>		303	1,129	10,904	12,336
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	8,431	8,431
Dividends	11	-	-	(5,750)	(5,750)
<b>Balance at 31 December 2017</b>		303	1,129	13,585	15,017

# **BALLAST PHOENIX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **1 Accounting policies**

#### **Company Information**

Ballast 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 amounts 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.

#### **1.2 Going concern**

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 2018 is currently in line with these forecasts.

#### **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 OBA 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.

# **BALLAST PHOENIX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

### **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.

# **BALLAST PHOENIX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **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 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 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.

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 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.



# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 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 gains recognised in the year is £312,000 (2016: £553,000).

#### 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

	2017 £'000	2016 £'000
Turnover analysed by geographical market		
United Kingdom and Eire	25,704	19,945
Europe	23,693	11,904
	<u>49,397</u>	<u>31,849</u>

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 4 Operating profit

	2017	2016
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(312)	(553)
Research and development costs	245	13
Depreciation of tangible fixed assets	4,187	2,309
(Profit)/loss on disposal of tangible fixed assets	-	203
Cost of stocks recognised as an expense	23,849	14,007

#### 5 Auditor's remuneration

	2017	2016
	£'000	£'000
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Company	29	29
Other assurance services	-	1
	<u>29</u>	<u>30</u>

#### 6 Employees

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

	2017	2016
	Number	Number
Management, including directors	32	24
Operational	75	69
Administration	17	14
	<u>124</u>	<u>107</u>

Their aggregate remuneration comprised:

	2017	2016
	£'000	£'000
Wages and salaries	4,792	4,360
Social security costs	507	394
Pension costs	135	165
	<u>5,434</u>	<u>4,919</u>

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Directors' remuneration

	2017 £'000	2016 £'000
Remuneration for qualifying services	702	645
Company pension contributions to defined contribution schemes	16	11
	<u>718</u>	<u>656</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

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

	2017 £'000	2016 £'000
Remuneration for qualifying services	334	288
Company pension contributions to defined contribution schemes	11	6
	<u>345</u>	<u>294</u>

### 8 Interest receivable and similar income

	2017 £'000	2016 £'000
<b>Interest income</b>		
Interest on bank deposits	4	5
Interest receivable from group companies	68	-
	<u>72</u>	<u>5</u>

### 9 Interest payable and similar expenses

	2017 £'000	2016 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	467	494
Interest on finance leases and hire purchase contracts	354	231
Amortisation of bank loan fees	62	62
	<u>883</u>	<u>787</u>

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 10 Taxation

	2017 £'000	2016 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current year	1,968	779
<b>Deferred tax</b>		
Origination and reversal of timing differences	(81)	256
Changes in tax rates	-	(91)
Total deferred tax	(81)	165
Total tax charge	1,887	944

A reduction in the UK corporation tax rate from 20% 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 2017 has been calculated based on these rates.

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:

	2017 £'000	2016 £'000
Profit before taxation	10,318	6,584
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	1,986	1,317
Tax effect of expenses that are not deductible in determining taxable profit	16	10
Group relief	(213)	(333)
Tax rate differential	17	1
Reduction in tax rate on deferred tax balances	-	(91)
Other differences	81	40
Taxation charge for the year	1,887	944

#### 11 Dividends

	2017 £'000	2016 £'000
Interim dividend	5,750	-

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Tangible fixed assets

	Land £'000	Assets under construction £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>					
At 1 January 2017	909	5,994	29,605	169	36,677
Additions	-	1,327	4,141	3	5,471
Disposals	-	-	(3,059)	-	(3,059)
Transfers	-	(6,629)	6,629	-	-
At 31 December 2017	909	692	37,316	172	39,089
<b>Depreciation and impairment</b>					
At 1 January 2017	-	-	10,614	142	10,756
Depreciation charged in the year	-	-	4,172	15	4,187
At 31 December 2017	-	-	14,786	157	14,943
<b>Carrying amount</b>					
At 31 December 2017	909	692	22,530	15	24,146
At 31 December 2016	909	5,994	18,991	27	25,921

At the year end the net carrying amount of Plant and Equipment leased under finance lease was £7,454,000 (2016: £6,151,000).

### 13 Stocks

	2017 £'000	2016 £'000
Raw materials and consumables	306	244

### 14 Debtors

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	4,999	5,790
Amounts owed by group undertakings	3,333	1,884
Prepayments and accrued income	328	651
	8,660	8,325

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 14 Debtors (Continued)

	2017 £'000	2016 £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	6,738	-
<b>Total debtors</b>	<b>15,398</b>	<b>8,325</b>

Included in Amounts owed by group undertakings is £6,738,000 (2016: £nil) due after more than one year. This relates to a loan to Inashco BV which matures in 2022 and has annual repayments. Interest is charged at 1% over UK Base Rate and is unsecured. Other amounts owed by group undertakings are repayable on demand.

### 15 Creditors: amounts falling due within one year

	Notes	2017 £'000	2016 £'000
Bank loans and overdrafts	17	1,739	3,837
Obligations under finance leases	18	1,501	1,043
Trade creditors		5,679	4,357
Amounts due to group undertakings		1,101	-
Corporation tax		1,292	664
Other taxation and social security		344	311
Accruals and deferred income		4,511	2,937
		<b>16,167</b>	<b>13,149</b>

Amounts due to group undertakings are repayable on demand.

### 16 Creditors: amounts falling due after more than one year

	Notes	2017 £'000	2016 £'000
Bank loans and overdrafts	17	3,997	5,737
Obligations under finance leases	18	6,784	5,566
		<b>10,781</b>	<b>11,303</b>

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 17 Loans and overdrafts

	2017 £'000	2016 £'000
Bank loans	5,736	9,574
Payable within one year	1,739	3,837
Payable after one year	3,997	5,737

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 has an interest rate of LIBOR +3.25% (2016: 4%) and matures in 2020. Quarterly payments are due from June 2017 to maturity. The carrying value of this loan at 31 December 2017 is £5,736,000 (2016: £6,574,000).

Revolving credit facility has an interest rate of LIBOR +3.25% (2016: 4%) and matures in 2021. The carrying value of this loan at 31 December 2017 is £nil (2016: £3,000,000). There is a revolving commitment to pay.

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.

The bank loans include transactional 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 £164,000 (2016: £226,000) are recognised as at 31 December 2017.

### 18 Finance lease obligations

	2017 £'000	2016 £'000
Future minimum lease payments due under finance leases:		
Within one year	1,501	1,043
In two to five years	5,846	4,478
In over five years	938	1,088
	8,285	6,609

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.

During the year £2,152,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £2,109,000).

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 19 Deferred taxation

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

	Liabilities 2017 £'000	Liabilities 2016 £'000
<b>Balances:</b>		
Accelerated capital allowances	519	600

#### 20 Retirement benefit schemes

	2017 £'000	2016 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	135	165

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

	2017 £'000	2016 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
302,500 Ordinary shares of £1 each	303	303
	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:

	2017 £'000	2016 £'000
Within one year	2,036	1,850
Between two and five years	3,179	4,915
In over five years	579	723
	5,794	7,488

During the year £2,152,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £2,109,000).



# **BALLAST PHOENIX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **23 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Acquisition of tangible fixed assets	190	972
	<u>      </u>	<u>      </u>

# BALLAST PHOENIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 24 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:

	<b>2017</b>
	<b>Balance</b>
<b>Amounts owed by related parties</b>	<b>£'000</b>
Entities with control, joint control or significant influence over the Company	10,071
	<u>          </u>
	<b>2016</b>
	<b>Balance</b>
<b>Amounts owed in previous period</b>	<b>£'000</b>
Entities with control, joint control or significant influence over the Company	1,477
	<u>          </u>

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 £23,000 (2016: £27,000). There was no balance outstanding at the year-end (2016: £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 wider group is currently finalising a refinancing program which will ensure that they have the cashflow available to repay these in line with terms although there is currently no intent or need for the company to recall any of this debt. The directors have assessed the refinancing as sufficiently likely to deem this related party balance recoverable

### 25 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.