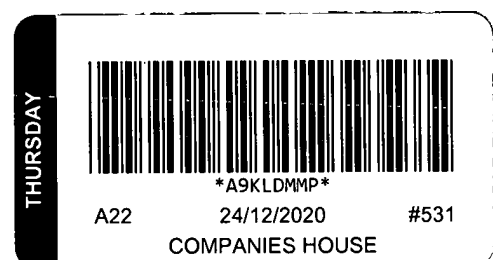


REGISTERED NUMBER: 04122501 (England and Wales)

Andritz Feed & Biofuel Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2019



Andritz Feed & Biofuel Limited

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For the Year Ended 31 December 2019**

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Andritz Feed & Biofuel Limited

**Company Information
For the Year Ended 31 December 2019**

DIRECTORS:

J Bellenie
S Weber

SECRETARY:

R Anderson

REGISTERED OFFICE:

Unit 1 Stoneferry Park
Foster Street
Hull
East Yorkshire
United Kingdom
HU8 8BT

REGISTERED NUMBER:

04122501 (England and Wales)

AUDITORS:

Garbutt & Elliott Audit Limited
Chartered Accountants and Statutory Auditor
Triune Court
Monks Cross Drive
Huntington
YO32 9GZ

Andritz Feed & Biofuel Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditor's Report for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company comprises the manufacture, sale and service of pelleting presses and machinery for both the Feed and Biofuel industries.

GOING CONCERN

The directors have considered all factors, including in the wider economy, as part of their assessment of going concern. During the year COVID-19 was declared a pandemic. Although the current economic climate creates both cash flow and profitability risks for the company, the directors believe, on balance, that they have sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements; this is based on the information currently available to them as at the point of approving these financial statements. Accordingly, these financial statements have been prepared on the going concern basis.

BUSINESS REVIEW, RESULTS & DIVIDENDS

As shown in the Company's profit and loss account on page 8, the Company's sales have decreased by 3% as a result of three key customers implementing lean production costs strategy which have directly affected activities with the Company. Also, profit before tax has decreased from £687,059 to £381,537 because of an increase in low margin sales. The directors expect the Company to show growth in the future.

The Balance Sheet on page 9 of the financial statements shows the Company's financial position at the year end. The cash balance has decreased as a result of negative working capital movements. Net assets have decreased by £266,619 (2018: decreased by £46,257) as a result of profit from operations less a dividend payment. The directors do not recommend payment of a final dividend (2018: £nil). An interim dividend of £770,000 (2018: £603,316) was paid.

EVENTS AFTER THE BALANCE SHEET DATE

Since the period under review, the rapid spreading of Covid-19 has become a significant emerging risk to the global economy. The directors continue to monitor the impact of the virus on the business as more information about the epidemic emerges, with particular focus on the potential impact on staff shortages and operating delays. While the directors expect servicing orders to reduce between March and June, the parts business has seen significant growth as a result of increased demand for the end user products. Therefore, at the time of signing the directors do not consider Covid-19 to impact the Company's ability to continue as a going concern and consider the balance sheet to be appropriately valued.

DIRECTORS

The directors, who served throughout the year except as noted, were as follows:

C P J Stevenaar (Resigned 28 June 2019)
J Bellenie (Appointed 28 October 2019)
S Weber

POLITICAL CONTRIBUTIONS

The Company made £nil political contributions during the period (2018: £nil).

EMPLOYEES

The Company's policy continues to be that wherever possible full consideration is given to the employment, training, career development and promotion of disabled persons. In addition it is the policy of the Company to provide information to consult with and involve all employees wherever practicable to help make them aware of any factors affecting the Company.

Andritz Feed & Biofuel Limited

**Directors' Report
For the Year Ended 31 December 2019**

AUDITOR

Each of the person who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of and relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Garbutt & Elliott Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

ON BEHALF OF THE BOARD:



.....
J Bellenie - Director

Date: 22/12/2020
.....

Andritz Feed & Biofuel Limited

Statement of Directors' Responsibilities For the Year Ended 31 December 2019

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework.' Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditors' Report to the Members of
Andritz Feed & Biofuel Limited**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Andritz Feed & Biofuel Limited (the 'Company').

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 United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 23.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Independent Auditors' Report to the Members of Andritz Feed & Biofuel Limited

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

**Independent Auditors' Report to the Members of
Andritz Feed & Biofuel Limited**

Garbutt & Elliott Audit Limited

Martin Davey (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott Audit Limited
Chartered Accountants and Statutory Auditor
Triune Court
Monks Cross Drive
Huntington
YO32 9GZ

23/12/2020

Date:

Andritz Feed & Biofuel Limited

**Profit and Loss Account
For the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
TURNOVER	4	4,428,173	4,561,377
Cost of sales		(2,899,791)	(2,776,469)
GROSS PROFIT		1,528,382	1,784,908
Administrative expenses		(1,146,024)	(1,098,038)
OPERATING PROFIT		382,358	686,870
Interest receivable and similar income	7	1,138	189
		383,496	687,059
Interest payable and similar expenses	8	(1,959)	-
PROFIT BEFORE TAXATION	9	381,537	687,059
Tax on profit	10	121,844	(130,000)
PROFIT FOR THE FINANCIAL YEAR		503,381	557,059
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		503,381	557,059

The notes form part of these financial statements

Andritz Feed & Biofuel Limited

**Balance Sheet
31 December 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	13	248,078	200,441
Right of use asset	20	402,642	-
		<u>650,720</u>	<u>200,441</u>
CURRENT ASSETS			
Stocks	14	907,515	922,916
Debtors	15	1,117,292	1,215,984
Cash at bank and in hand		703,925	915,366
		<u>2,728,732</u>	<u>3,054,266</u>
CREDITORS			
Amounts falling due within one year	16	(1,308,888)	(1,296,843)
Lease liability	20	(77,978)	-
		<u>(1,386,866)</u>	<u>(1,296,843)</u>
NET CURRENT ASSETS		<u>1,341,866</u>	<u>1,757,423</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,992,586</u>	<u>1,957,864</u>
CREDITORS			
Lease liability	20	(322,741)	-
PROVISIONS FOR LIABILITIES	17	(30,000)	(51,400)
NET ASSETS		<u><u>1,639,845</u></u>	<u><u>1,906,464</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	1,000,000	1,000,000
Retained earnings		639,845	906,464
SHAREHOLDERS' FUNDS		<u><u>1,639,845</u></u>	<u><u>1,906,464</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 22/12/2020 and were signed on its behalf by:



.....
J Bellenie - Director

The notes form part of these financial statements

Andritz Feed & Biofuel Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	1,000,000	952,721	1,952,721
Dividends	-	(603,316)	(603,316)
Total comprehensive income	-	557,059	557,059
Balance at 31 December 2018	<u>1,000,000</u>	<u>906,464</u>	<u>1,906,464</u>
Balance at 1 January 2019 - As previously reported	1,000,000	906,464	1,906,464
Effect of changes in accounting policy for initial application of IFRS 16	-	-	-
Balance at 1 January 2019	<u>1,000,000</u>	<u>906,464</u>	<u>1,906,464</u>
Dividends	-	(770,000)	(770,000)
Total comprehensive income	-	503,381	503,381
Balance at 31 December 2019	<u><u>1,000,000</u></u>	<u><u>639,845</u></u>	<u><u>1,639,845</u></u>

The notes form part of these financial statements

Andritz Feed & Biofuel Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. GENERAL INFORMATION

Andritz Feed & Biofuel Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office address is shown on page 1. The nature of the Company's operations and its principal activities are detailed on page 2.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

2. ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets, certain related party transactions, and certain disclosure requirements in respect of leases.

Where relevant, equivalent disclosures have been given in the group accounts of Andritz AG which are available from Stattegger Strasse 18, A-8045 Graz, Austria.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The last financial statements under a previous GAAP (FRS 102 1a) were for the year ended 31 December 2018 and the date of transition to FRS 101 was therefore 1 January 2018. No material adjustments were required to the prior year financial statements on adoption of FRS 101 in the current year.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Adoption of new and revised Standards

Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Company to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on lessee accounting

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

(b) Impact on lessee accounting

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within the administrative expenses line item.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

(c) Financial impact of initial application of IFRS 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the balance sheet on 1 January 2019 is 2.14%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the balance sheet at the date of initial application.

Andritz Feed & Biofuel Limited

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Impact on retained earnings as at 1 January 2019

	£
Operating lease commitments at 31 December 2018	167,468
Effect of discounting the above amounts	(34,927)
Finance lease liabilities recognised under IAS 17 at 31 December 2018	257,232
	<hr/>
Lease liabilities recognised at 1 January 2019	389,773
	<hr/>

The Company has recognised £389,773 of right-of-use assets and £389,773 of lease liabilities upon transition to IFRS 16.

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

*Amendments to IFRS 9
Prepayment Features with
Negative Compensation*

The Company has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

*Annual Improvements to IFRS
Standards 2015–2017 Cycle IAS
12 Income Taxes and IAS 23
Borrowing Costs*

The Company has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to four Standards, two of which in respect of IFRS 3 and IFRS 11 are not applicable to the Company.

IAS 12 Income Taxes

The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

2. ACCOUNTING POLICIES - continued

Impact of initial application of other amendments to IFRS Standards and Interpretations

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

**IFRIC 23 Uncertainty over
Income Tax Treatments**

The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

Going concern

The director's have considered all factors, including in the wider economy, as part of their assessment of going concern. During the year COVID-19 was declared a pandemic. Although the current economic climate creates both cash flow and profitability risks for the company, the director's believe, on balance, that they have sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements; this is based on the information currently available to them as at the point of approving these financial statements. Accordingly, these financial statements have been prepared on the going concern basis.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the Profit and Loss Account in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in the Statement of Comprehensive Income.

Andritz Feed & Biofuel Limited

Notes to the Financial Statements - continued For the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Turnover

Turnover represents amounts receivable for goods and services delivered/provided to customers in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Employee benefits

For defined contribution schemes the amounts charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any allowance for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold	2% per annum
Plant and machinery	10% per annum
Fixtures and fittings	6.66% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Leases

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Leases

Policies applicable from 1 January 2019

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the administrative expenses line item.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets held by the Company are classified as 'loans and trade receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Recognition and measurement

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Recognition and measurement

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item (note 7).

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Impairment of financial assets

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Impairment of financial assets

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Stocks

Stocks are stated at the lower of cost and fair value less costs to sell. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Fair value less costs to sell is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in the Statement of Comprehensive Income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the Company and the Company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical judgements surrounding the application of the Company's accounting policies.

Key sources of estimation uncertainty

The directors do not consider there to be any key sources of estimation uncertainty.

4. TURNOVER

The turnover is attributable to the principal activity and represents monies earned in the normal course of business.

An analysis of turnover by class of business is given below:

	2019	2018
	£	£
Sales of goods	3,229,822	3,503,961
Rendering of services	1,198,351	1,057,416
	<u>4,428,173</u>	<u>4,561,377</u>

Andritz Feed & Biofuel Limited

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2019**

4. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	3,649,831	3,890,629
Europe	547,666	485,722
United States of America	99,539	94,784
Asia	77,154	74,744
Africa	7,485	15,498
Oceania	46,498	-
	<u>4,428,173</u>	<u>4,561,377</u>

5. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	498,253	446,786
Social security costs	50,361	47,178
Other pension costs	32,561	28,905
	<u>581,175</u>	<u>522,869</u>

The average number of employees during the year was as follows:

	2019	2018
	No.	No.
Production	12	12
Sales	3	1
Administration	3	2
	<u>18</u>	<u>15</u>

6. DIRECTORS' REMUNERATION

The directors' remuneration is fully disclosed in the financial statements of the parent company, Andritz A G. One director had retirement benefits accruing under money purchase pension schemes (2018: one).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Interest receivable from group companies	<u>1,138</u>	<u>189</u>

Andritz Feed & Biofuel Limited

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Interest payable to group companies	1,959	-
	<u>1,959</u>	<u>-</u>

9. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of tangible fixed assets (note 13)	19,097	11,709
Foreign exchange (gain)/loss	(4,661)	7,157
Loss allowance on trade debtors	1,663	-
Depreciation expenses on right-of-use assets	72,621	-
Interest expense on lease liabilities	8,574	-
	<u>88,694</u>	<u>18,866</u>

Fees payable to Garbutt & Elliott Audit Limited and their associates for the audit of the Company's annual accounts were £13,500 (2018: £11,500).

Fees payable to Garbutt & Elliott Audit Limited and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

10. TAXATION

Analysis of tax expense

	2019	2018
	£	£
Current tax:		
UK Corporation tax	-	130,000
Adjustment in respect of prior years	(128,620)	-
Total current tax	<u>(128,620)</u>	<u>130,000</u>
Deferred tax:		
Current year	5,662	-
Adjustment in respect of previous periods	1,710	-
Effects of changes in tax rates	(596)	-
Total deferred tax	<u>6,776</u>	<u>-</u>
Total tax expense in profit and loss account	<u>(121,844)</u>	<u>130,000</u>

Andritz Feed & Biofuel Limited

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

10. TAXATION - continued

Factors affecting the tax expense

The tax assessed for the year is higher (2018 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before income tax	381,537	687,059
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	72,492	130,541
Effects of:		
Expenses not deductible for tax purposes	-	(541)
Adjustments in respect of prior years	(126,910)	-
Expenses not deductible	495	-
Tax rate changes	(596)	-
Effect of group/relief other reliefs	(67,325)	-
Tax expense	(121,844)	130,000

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantively enacted by the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at 17%. The rate of change will affect the size of the Company's deferred tax assets and liabilities in the future.

11. DIVIDENDS

	2019	2018
	£	£
Interim dividend for the year ended 31 December 2019 (equivalent to £0.77, 2018: £0.61 per share)	770,000	603,316

12. DEFERRED TAX

	2019	2018
	£	£
At the beginning of the year	25,855	25,855
Charged to profit or loss	(5,662)	-
Adjustment in respect of prior years	(1,710)	-
Effects of changes in tax rates	596	-
	19,079	25,855

At 2019 deferred tax assets amounted to £19,079 (2018: deferred tax assets £25,855) which was recognised as management consider current trading supports the recognition of the asset.

Andritz Feed & Biofuel Limited

**Notes to the Financial Statements - continued
For the Year Ended 31 December 2019**

13. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2019	76,283	292,383	11,998	380,664
Additions	28,827	30,892	7,015	66,734
Disposals	-	-	-	-
At 31 December 2019	105,110	323,275	19,013	447,398
DEPRECIATION				
At 1 January 2019	937	178,878	408	180,223
Charge for year	3,667	11,838	3,592	19,097
Eliminated on disposal	-	-	-	-
At 31 December 2019	4,604	190,716	4,000	199,320
NET BOOK VALUE				
At 31 December 2019	100,506	132,559	15,013	248,078
At 31 December 2018	75,346	113,505	11,590	200,441

14. STOCKS

	2019 £	2018 £
Work-in-progress	7,830	12,487
Finished goods	899,685	910,429
	907,515	922,916

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	847,598	1,113,757
Amounts owed by group undertakings	4,232	41,696
Other debtors	221	-
Corporation tax asset	200,777	-
Deferred tax asset	19,079	25,855
Prepayments and accrued income	45,385	34,676
	1,117,292	1,215,984

Amounts owed by group companies are unsecured, interest free and have no fixed repayment date.

Andritz Feed & Biofuel Limited

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	382,087	228,498
Amounts owed to group undertakings	621,145	795,396
Corporation tax	-	63,588
Other taxation and social security	125,387	111,000
Other creditors	115,133	30,804
Accruals and deferred income	65,136	67,557
	<u>1,308,888</u>	<u>1,296,843</u>

Amounts due to group companies are repayable on demand and do not bear interest.

The Company has granted a fixed charge on its assets to secure the bank deposit facilities.

17. PROVISIONS FOR LIABILITIES

	Other	Total
	£	£
At 1 January 2019	51,400	51,400
Charged to profit and loss account	(21,400)	(21,400)
At 31 December 2019	<u>30,000</u>	<u>30,000</u>

The provision relates to product warranties, the amount represents management's best estimate of the Company's liability under 12-month warranties granted on products, based on past experience and industry averages for defective products.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
1,000,000	Ordinary shares	£1 each	<u>1,000,000</u>	<u>1,000,000</u>

Presented as follows:

Called up share capital presented as equity	<u>1,000,000</u>	<u>1,000,000</u>
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The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

Andritz Feed & Biofuel Limited

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

19. LEASES

The Company leases several assets including buildings, plants, IT equipment. The average lease term is 5 years (2018: 5 years).

The Company has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The Company obligations are secured by the lessors' title to the leased assets for such leases.

Right-of-use assets	Buildings	Plant	Equipment	Total
	£	£	£	£
Net carrying amount				
31 December 2018	-	-	-	-
31 December 2019	324,173	97,846	53,244	475,263
Depreciation expense for the year ended				
31 December 2018	-	-	-	-
31 December 2019	36,277	20,850	15,494	72,621

The total cash outflow for leases amount to £88,569 (2018: £ nil).

20. LEASE LIABILITY

	31/12/2019	31/12/2018
	£	£
Amounts due for settlement within 12 months (shown under current liabilities)	77,978	-
Amounts due for settlement after 12 months	322,741	-
	<u>400,719</u>	<u>-</u>
	31/12/2019	31/12/2018
	£	£
Maturity analysis		
Later than 1 year and not later than 5 year	208,673	-
Later than 5 year	114,068	-
	<u>322,741</u>	<u>-</u>

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company treasury function.

Notes to the Financial Statements - continued
For the Year Ended 31 December 2019

21. OPERATING LEASE AGREEMENT

At 31 December 2018 the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2019 £	Other 2019 £	Land and buildings 2018 £	Other 2018 £
- within 1 year	-	-	29,925	7,868
- between 2 and 5 years	-	-	129,675	-
- after 5 years	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Leases of land and building are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

22. RETIREMENT BENEFIT OBLIGATIONS

Defined contribution schemes:

The Company operates a defined contribution scheme for which the pension charge for the year amounted to £32,561 (2018: £28,905). At the year end the amount due to the scheme was £nil (2018: £nil) which is included in creditors: amounts falling due within one year.

23. CONTROLLING PARTY

The directors regard Andritz AG, a company incorporated in Austria, as the immediate, ultimate parent company and the ultimate controlling party.

Andritz AG is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Andritz AG's registered office, Stattegger Strasse 18, A-8045 Graz, Austria.