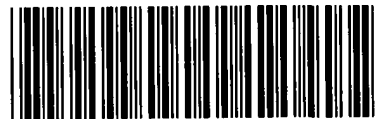


BXC UK LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Registered Number: 07603421

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TABLE OF CONTENTS

ADMINISTRATIVE INFORMATION.....	1
STRATEGIC REPORT.....	2
DIRECTORS' REPORT.....	5
STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	8
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BXC UK LIMITED	9
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	12
CONSOLIDATED BALANCE SHEET.....	13
COMPANY BALANCE SHEET.....	14
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	15
COMPANY STATEMENT OF CHANGES IN EQUITY	16
CONSOLIDATED STATEMENT OF CASH FLOWS.....	17
NOTES TO THE FINANCIAL STATEMENTS	18

BXC UK LIMITED

ADMINISTRATIVE INFORMATION

Directors

J Weight

Bankers

C. Hoare & Co
37 Fleet Street
London
EC4P 4DQ

Auditor

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

Registered Office

C/O Weight Partners LLP
The Argyll Club Nova North
11 Bressenden Place
Westminster
London
SW1E 5BY

BXC UK LIMITED

STRATEGIC REPORT

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

Principal activity

The principal activity of BXC UK Limited, "the Company" is that of a holding company. The principal activity of the Group is the hire of domestic electrical appliances, including televisions and other allied products.

On 5 May 2011 BXC UK Limited acquired BC Holdings (UK) Limited in a transaction funded solely by equity financing. The business strategy of the owners remains unchanged. Administrative and operational processes continue to be reviewed to ensure that they are cost effective and appropriate to the level of activity.

Review of the business

Turnover

The business continues to operate in a contracting market and consequently turnover has reduced in line with expectations.

Operating profit

The Group continues to be successful in focusing on lowering operating costs to reflect reducing activity levels, whilst also ensuring the quality of service to customers is maintained. The Group has again returned a substantial operating profit and it is anticipated that this will continue to be the case for the foreseeable future.

Net assets

Group net assets of £3,885k at 31 December 2019 have fallen by £802k compared with the net asset position at 31 December 2018.

The Group's key financial performance indicators during the period were as follows:

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Turnover	15,298	17,396
Operating profit	8,155	9,581
Net assets	3,885	4,687

BXC UK LIMITED

STRATEGIC REPORT **(continued)**

Financial, liquidity and cash flow risks

The Group has no borrowings and historically it has generated significant levels of operating cash. Current forecasts indicate that this will continue to be the case for the foreseeable future.

Covid-19

BXC UK Limited is a non-trading holding entity and owns 100% of BCH Holding (UK) Limited which is an intermediary holding entity. The business relies on the two trading entities Home Technology Finance Limited (HTFL) and BCS Services (UK) Limited (BCS) which are 100% owned by BCH Holding (UK) Limited.

The risks to the Group of the global pandemic as a result of the Covid-19 virus and lockdown measures introduced by HM Government in March 2020 were initially assumed to be:

- Reduction in customer receipts due to customers' inability to make payments for either logistical or financial reasons.
- An increase in customer terminations due to higher customer mortality given the age demographic of the customer base (average age 70).
- Third party service and fulfilment providers unable to provide the required levels of service to customers.

In response to the pandemic a number of measures were implemented to mitigate potential operational and financial risks to the business via support services provided by BC Services (UK) Limited. These measures helped to mitigate the risk of a significant adverse impact on the Group which have proved largely successful and included:

- Mailing 'cash paying' customers to remind them of the alternative payment methods available, direct debit and telephone payments.
- The introduction of a payment 'Breathing Space' option which defers debt-related actions being pursued by the business for up to 90 days.
- The implementation of fulfilment contingency plans and the engagement of substitute third party fulfilment providers.
- The temporary suspension of sales and non-essential servicing activity.
- The adoption of working practices in line with HM Government recommendations to ensure the safety of both BCS employees and HTFL's customers including the majority of employees working from home and for those employees visiting customers' homes, social distancing and use of both masks and hand sanitisers.

Although uncertainty remains with regard to future progress of the virus and while the potential of a longer-term recession in the wider economy remains, it is thought extremely unlikely to have a material adverse impact on the Group given the customer base age demographic is comprised of retirees and the reduction of retail purchase activity usually seen during periods of tougher economic conditions.

The long-term contraction in the rental market is forecast to continue with the rate of decline remaining broadly consistent with our expectation. The Directors regularly review Profit and Loss and Cash flow forecasts which demonstrate the Group's ability to continue trading for the foreseeable future.

Exit from the European Union

On 31 January 2020, the United Kingdom (UK) government formally announced that the UK had left the European Union (EU). The UK government continues to negotiate the terms of the UK's future relationship with the EU and although it is unknown what those terms will be, Brexit continues to create global economic uncertainty. There is uncertainty over how it will ultimately impact the Group, but Directors continue to monitor this on an ongoing basis and address any risk if any arising.

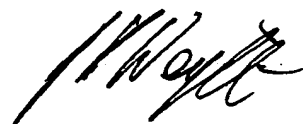
BXC UK LIMITED

STRATEGIC REPORT
(continued)

The Company

The Company received dividend income of £8,729k (2018: £11,381k) during the year.

On Behalf of the Board



James Weight, Director

Date: 22 December 2020

Registered Office: 8th Floor
1 Fleet Place
London
EC4M 7RA

BXC UK LIMITED

DIRECTORS' REPORT

Future developments

The Directors' will continue their focus on the quality of the services provided to customers. Procedures and processes are in place which monitor the level of service to customers and provide the basis on which the Directors can take appropriate action to maintain services and make improvements where necessary.

There will be a continued need to reduce operating costs as the level of business continues to fall. This will be achieved whilst ensuring that the quality of services to customers is maintained.

Consumer Credit related regulated activities

The main activity of the Group is the provision of products and services to customers under hire agreements which are regulated by the Financial Conduct Authority (FCA).

The responsibility for consumer credit regulation transferred from the Office of Fair Trading to the FCA on the 1st April 2014.

Both Home Technology Finance Ltd and BC Services (UK) Limited are regulated by the FCA, possessing limited permissions to provide certain regulated products and services.

Results and dividends

The trading results for the year are set out in the statement of comprehensive income within these consolidated financial statements. During the current year dividends of £8,408,243 (2018: £11,029,087) have been proposed and paid.

Directors

The Directors of the Company during the year and up to the date of this report were:

J Weight

D Jolly (appointed on 21 March 2019; resigned on 30 September 2020)

D Beeson (resigned on 18 September 2020)

I Dagtoglou (resigned on 18 September 2020)

V McDonnell (resigned on 30 September 2020)

M Cutt (resigned on 21 March 2019)

Going concern

The directors have considered the global pandemic of COVID-19 and the impact this has on the Group and the appropriateness of the going concern assessment which considered 12 months from the approval of the financial statements.

The forecast model used to assess going concern is based on the consolidated Group position which relies mainly on the two trading entities Home Technology Finance Limited and BC Services (UK) Limited. As the entities are significantly interdependent on each other, the directors have considered the Group forecast to assess the overall cash generation of the group.

Since the balance sheet date the Group has experienced a net financial improvement despite the wider economy being adversely impacted by the COVID-19 pandemic. Revenue has remained above forecasted levels. Cash collections have remained broadly in line with forecast with arrears only marginally increasing.

Whilst the Group did experience a reduction of commercial activity as a result of the restrictions imposed by HM Government earlier in the year, which allowed the Group to significantly reduce its overhead and product capital expenditure, the Group subsequently experienced a catch up of this activity later in the year when the restrictions were eased. However overall, to date, this has had a positive impact to cashflows as it reduced operating expenses.

BXC UK LIMITED

DIRECTORS' REPORT
(continued)

Going concern (continued)

The Group has taken advantage of the government scheme available for the deferral of VAT payments to provide an additional cash contingency. Directors have considered the repayment of the deferred VAT payment as part of the forecast model used in their assessment.

In preparing their cashflow forecasts, the directors considered a number of potential risks and included these scenarios as part of stress-testing the forecasts:

- An increase in customer terminations due to higher customer mortality given the age demographic of the customer base (average age 70).
- Third party service and fulfilment providers unable to provide the required levels of service to customers resulting in a significant increase in cost as a result of implementing contingency options.
- Rental product prices increase significantly due to limited availability resulting from COVID-19 related production issues and Brexit.

The risk of the assumptions included in the cash flow forecast 'stressed' scenarios being realised are considered remote and any adverse impact on the forecasted financial performance of the business would not be material.

In September 2020, WPC 2 Limited acquired the remaining shares in the Company from Bradley Hall Holdings Limited. The transaction was funded by a fixed term loan undertaken by WPC 2 Limited to which the Group is a guarantor and is monitored against loan covenants along with other entities in the group. The loan covenants include minimum Group EBITDA measures, minimum Group cash measures and maximum reduction in revenue of 1.3% per month on a rolling 12 month basis. While this guarantee increases the Group's net financial commitment, the level of the commitment is materially below the Group's forecasted cash generation over the term of the loan and therefore the Directors are satisfied the loan repayments could be met by the Group if they fall due on the Group. The directors have assessed the future cashflows and forecast including consideration of downside sensitivities and are satisfied the Group will also be able to meet the loan covenants.

After reviewing the Group's forecasts and projections, considering the actual impact of COVID-19 to date and the likelihood of the risk scenarios outlined above, the Directors consider that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group and Company therefore continue to adopt the going concern basis in preparing the financial statements.

BXC UK LIMITED

DIRECTORS' REPORT
(continued)

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Disclosure requirements

In accordance with the Companies Act 2006, section 414C(11), the Group's Strategic Report contains certain disclosures required in the Directors' Report.

Re-appointment of auditors

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On Behalf of the Board



James Weight
Director

Registered Office: 8th Floor
1 Fleet Place
London
EC4M 7RA

Date: 22 December 2020

BXC UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102. 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 Group and of the Statement of Comprehensive Income of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BXC UK LIMITED

Opinion

We have audited the financial statements of BXC UK Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are independent of the group and parent 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 group's or the parent 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BXC UK LIMITED
(continued)

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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 the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BXC UK LIMITED
(continued)

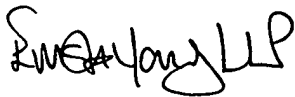
Auditor's responsibilities for the audit of the financial statements

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



.....
Juliet Thomas (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
22 December 2020

BXC UK LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Turnover	3	15,298	17,396
Cost of sales		(6,861)	(7,478)
Gross profit		8,437	9,918
Other operating costs		(282)	(337)
Operating profit		8,155	9,581
Other interest receivable and similar income	8	4	4
Net interest income		4	4
Profit on ordinary activities before tax		8,159	9,585
Tax on profit on ordinary activities	9	(552)	(413)
Profit on ordinary activities for the financial year		7,607	9,172
Other comprehensive income		-	-
Total comprehensive income for the year		7,607	9,172

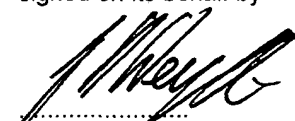
All items relate to continuing operations.

The notes on pages 18 to 37 form an integral part of these financial statements.

BXC UK LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019**

	Note	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Non-current assets			
Tangible non-current assets	10	3,228	3,986
		<u>3,228</u>	<u>3,986</u>
Current assets			
Stocks	12	163	226
Debtors	13	1,414	1,881
Cash at bank and in hand	14	1,033	906
Net current asset		<u>2,610</u>	<u>3,013</u>
Creditors: amounts falling due within one year	15	(1,898)	(2,252)
Net current assets		<u>712</u>	<u>761</u>
Total assets less current liabilities		3,940	4,747
Provisions for liabilities	17	(54)	(60)
Net assets		<u><u>3,886</u></u>	<u><u>4,687</u></u>
Capital and reserves			
Called up share capital	18	28	28
Retained earnings	19	3,858	4,659
Total equity		<u><u>3,886</u></u>	<u><u>4,687</u></u>

These financial statements were approved by the Board of Directors on 22 December 2020 and signed on its behalf by


James Weight
Director

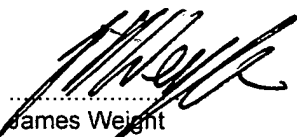
The notes on pages 18 to 37 form an integral part of these financial statements.

BXC UK LIMITED**COMPANY BALANCE SHEET AS AT 31 DECEMBER 2019**

Registered number: 07603421

	Note	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Non-current assets			
Investments	11	19,884	25,513
Current assets			
Debtors	13	52	20
Cash at bank and in hand	14	100	100
		152	120
Creditors: amounts falling due within one year	15	(20)	(26)
Net current assets		132	94
Total assets less current liabilities		20,016	25,607
Total net assets		20,016	25,607
Capital and Reserves			
Share Capital	18	28	28
Profit and loss account	19	19,988	25,579
Equity shareholders' funds		20,016	25,607

These financial statements were approved by the Board of Directors on 22 December 2020 and signed on its behalf by



James Weight
Director

The notes on pages 18 to 37 form an integral part of these financial statements.

BXC UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

Group

	Note	Share Capital £'000	Retained Earnings £'000	Total £'000
At 1 January 2019		28	4,659	4,687
Total comprehensive income for the year		-	7,607	7,607
Dividends	21	-	(8,408)	(8,408)
At 31 December 2019		<u>28</u>	<u>3,858</u>	<u>3,886</u>
	Note	Share Capital £'000	Retained Earnings £'000	Total £'000
At 1 January 2018		28	6,516	6,544
Total comprehensive income for the year		-	9,172	9,172
Dividends	21	-	(11,029)	(11,029)
At 31 December 2018		<u>28</u>	<u>4,659</u>	<u>4,687</u>

The notes on pages 18 to 37 form an integral part of these financial statements.

BXC UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

Registered number: 07603421

Company

	Note	Share Capital £'000	Retained Earnings £'000	Total £'000
At 1 January 2019		28	25,579	25,607
Total comprehensive income for the year		-	2,817	2,817
Dividends	21	-	(8,408)	(8,408)
At 31 December 2019		<u>28</u>	<u>19,988</u>	<u>20,016</u>

	Note	Share Capital £'000	Retained Earnings £'000	Total £'000
At 1 January 2018		28	28,117	28,145
Total comprehensive income for the year		-	8,491	8,491
Dividends	21	-	(11,029)	(11,029)
At 31 December 2018		<u>28</u>	<u>25,579</u>	<u>25,607</u>

The notes on pages 18 to 37 form an integral part of these financial statements.

BXC UK LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cash flows from operating activities			
Group profit for the year		8,155	9,581
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	1,287	1,532
Loss on disposal of property plant and equipment	4	(118)	116
Finance income	8	4	4
		<u>9,328</u>	<u>11,233</u>
Working capital adjustments:			
Decrease/(Increase) in inventories	12	63	(7)
Decrease in trade and other receivables	13	65	68
Decrease in trade and other payables	15	(200)	(38)
Decrease in provisions	17	(6)	(18)
Cash generated from operations		<u>9,250</u>	<u>11,238</u>
Income taxes paid		(304)	-
Net cash flow from operating activities		<u>8,946</u>	<u>11,238</u>
Cash flows from investing activities			
Repayments of capital element of finance lease		-	-
Acquisitions of tangible assets	10	(767)	(881)
Proceeds from sale of tangible assets		356	156
Net cash flows from investing activities		<u>(411)</u>	<u>(725)</u>
Cash flows from financing activities			
Dividends paid	21	(8,408)	(11,029)
Net cash flows from financing activities		<u>(8,408)</u>	<u>(11,029)</u>
Net decrease in cash and cash equivalents		127	(516)
Cash and cash equivalents at 1 January		906	1,422
Cash and cash equivalents at 31 December	14	<u>1,033</u>	<u>906</u>

The notes on pages 18 to 37 form an integral part of these financial statements.

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is:

8th Floor
1 Fleet Place
London
EC4M 7RA
Registration number: 07603421

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 preparation

These financial statements were prepared in accordance with applicable United Kingdom Accounting Standards, including FRS 102, and with the Companies Act 2006.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2019. As permitted by section 408 of the Companies Act 2006, a separate statement of comprehensive income dealing with the results of the Company has not been presented. The company comprehensive income for the year was £2,817,000 (2018: £8,491,000).

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Accounting policies (continued)

Basis of consolidation (continued)

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The directors have considered the global pandemic of COVID-19 and the impact this has on the Group and the appropriateness of the going concern assessment which considered 12 months from the approval of the financial statements.

The forecast model used to assess going concern is based on the consolidated Group position which relies mainly on the two trading entities Home Technology Finance Limited and BC Services (UK) Limited. As the entities are significantly interdependent on each other, the directors have considered the Group forecast to assess the overall cash generation of the group.

Since the balance sheet date the Group has experienced a net financial improvement despite the wider economy being adversely impacted by the COVID-19 pandemic. Revenue has remained above forecasted levels. Cash collections have remained broadly in line with forecast with arrears only marginally increasing.

Whilst the Group did experience a reduction of commercial activity as a result of the restrictions imposed by HM Government earlier in the year, which allowed the Group to significantly reduce its overhead and product capital expenditure, the Group subsequently experienced a catch up of this activity later in the year when the restrictions were eased. However overall, to date, this has had a positive impact to cashflows as it reduced operating expenses.

The Group has taken advantage of the government scheme available for the deferral of VAT payments to provide an additional cash contingency. Directors have considered the repayment of the deferred VAT payment as part of the forecast model used in their assessment.

In preparing their cashflow forecasts, the directors considered a number of potential risks and included these scenarios as part of stress-testing the forecasts:

- An increase in customer terminations due to higher customer mortality given the age demographic of the customer base (average age 70).
- Third party service and fulfilment providers unable to provide the required levels of service to customers resulting in a significant increase in cost as a result of implementing contingency options.
- Rental product prices increase significantly due to limited availability resulting from COVID-19 related production issues and Brexit.

The risk of the assumptions included in the cash flow forecast 'stressed' scenarios being realised are considered remote and any adverse impact on the forecasted financial performance of the business would not be material.

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Accounting policies (continued)

Going concern (continued)

In September 2020, WPC 2 Limited acquired the remaining shares in the Company from Bradley Hall Holdings Limited. The transaction was funded by a fixed term loan undertaken by WPC 2 Limited to which the Group is a guarantor and is monitored against loan covenants along with other entities in the group. The loan covenants include minimum Group EBITDA measures, minimum Group cash measures and maximum reduction in revenue of 1.3% per month on a rolling 12 month basis. While this guarantee increases the Group's net financial commitment, the level of the commitment is materially below the Group's forecasted cash generation over the term of the loan and therefore the Directors are satisfied the loan repayments could be met by the Group if they fall due on the Group. The directors have assessed the future cashflows and forecast including consideration of downside sensitivities and are satisfied the Group will also be able to meet the loan covenants.

After reviewing the Group's forecasts and projections, considering the actual impact of COVID-19 to date and the likelihood of the risk scenarios outlined above, the Directors consider that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group and Company therefore continue to adopt the going concern basis in preparing the financial statements.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Deferred tax assets

The Group has recognised a significant deferred tax asset within its financial statements which requires judgement for determining the extent of its recoverability at the balance sheet date. The Group assess recoverability based on the forecast of future profitability and capital expenditure. Given the inherent uncertainty involved in such forecasts the Group only recognised as a deferred tax asset the amount to which capital allowances were forecast to be in excess of depreciation in the year immediately following the current reporting period.

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Accounting policies (continued)

Critical accounting judgements and estimation uncertainty (continued)

Carrying value of investments

The Company has recognised the value of its holding in its subsidiary BC Holdings (UK) Limited at cost subject to an impairment review based on the forecast of future profits and cash flows of that company after applying a discount factor of 21% per annum. The forecast is based upon subjective judgements and estimates of the future performance of BC Holdings (UK) Limited.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be reliably measured; (d) it is probable that future economic benefits will flow to the entity; and (e) specific criteria have been met for each of the Group's activities and as described below:

Rental income

Rental income receivable is brought into the financial statements on a monthly basis as it falls due, annual contracts being treated as having twelve monthly instalments (exclusive of value added tax).

Disposal of ex-rental assets

Revenue from the disposal of ex-rental televisions, videos and associated services to existing customers is included in turnover on the effective termination date of the relevant rental agreement, which is normally 30 days from the date of the agreed sale and on the satisfactory receipt of the sale proceeds.

Tax

The tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in statement of income, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

<u>Asset class</u>	<u>Depreciation method and rate</u>
Rental assets	On a straight line basis over 3 to 9 years
Fixtures, fittings, tools and equipment	On a straight line basis over 1 to 6 years

The depreciation rates for the rental assets are based on the following expected useful lives:

Television sets	5 to 6 years
DVD and Video recorder equipment	5 to 9 years
White goods	4 to 7 years
Other	3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed three years if a reliable estimate of the useful life cannot be made.

As at 31 December 2019, goodwill had been fully amortised.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<u>Asset class</u>	<u>Depreciation method and rate</u>
Goodwill	On a straight line basis over 3 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in the Statement of Comprehensive Income. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Accounting policies (continued)

Impairment of assets

At each reporting date non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The costs of finished goods comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in statement of comprehensive income.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Accounting policies (continued)

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of income on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Statement of Income and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

The Group contributes to the Boxclever Group Personal Pension Plan, a defined contribution scheme, with each member having their own personal account with the fund provider. These assets are therefore held separately from those of the Group in an independently administered fund. The amount charged to the statement of comprehensive income represents the contributions payable to these sections of the scheme in respect of the accounting period.

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

3. Turnover

The analysis of the Group's turnover for the year from continuing operations is as follows:

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Sale of goods	120	147
Hire of equipment	15,178	17,249
	<u>15,298</u>	<u>17,396</u>

The analysis of the Group's turnover for the year by market is as follows:

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
UK	<u>15,298</u>	<u>17,396</u>

4. Operating profit

Arriving at after charging:

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Depreciation expense	1,287	1,532
Operating lease expense - property	144	146
Operating lease - plant and machinery	93	108
(Profit)/Loss on disposal of property, plant and equipment	(118)	116
Redundancy costs	<u>292</u>	<u>184</u>

During the current and prior year a redundancy programme, to realign headcount with the future needs of the business, was undertaken which resulted in a charge for the year of £292,000 (2018 - £184,000). These charges are expected to be fully deductible for tax purposes.

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

5. Auditors remuneration

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Audit of these financial statements	10	10
Audit of subsidiary financial statements	60	60
Auditor's remuneration - tax services	27	27
	<u>97</u>	<u>97</u>

6. Staff costs

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Wages & salaries	2,229	2,518
Social security	273	255
Pension costs, defined contribution scheme	90	94
Redundancy costs (note 4)	292	184
	<u>2,884</u>	<u>3,051</u>

The average number of persons employed by the Group (full time equivalent) during the year was as follows:

	Year ended 31 December 2019 No.	Year ended 31 December 2018 No.
Service & fulfilment	21	24
Customer call centres	21	23
Administration	13	16
	<u>55</u>	<u>63</u>

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

7. Directors remuneration

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Directors remuneration	<u>45</u>	<u>45</u>

Weight Partners Capital LLP, of which J Weight and D Jolly were Partners during the year were paid management fees of £140,000 (2018: £147,966) during the year, I Garden resigned on 27 September 2018 from the LLP.

8. Other interest receivable and similar interest

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest income on bank deposits	<u>4</u>	<u>4</u>

9. Taxation

Tax charged in the accounts:

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Current taxation		
UK Corporation tax	210	156
UK Corporation tax adjustment to prior periods	<u>(60)</u>	<u>24</u>
	<u>150</u>	<u>180</u>
Deferred taxation		
Arising from origination and reversal of timing differences	<u>402</u>	<u>233</u>
	<u>552</u>	<u>413</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2018 – 19.00% blended rate).

The differences are reconciled below:

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

9. Taxation (continued)

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Profit on ordinary activities before tax	8,159	9,585
Corporation tax at standard rate	1,550	1,821
Tax losses utilised	(3)	(99)
Permanent differences	1	1
Movement in unprovided deferred tax	(989)	(1,398)
Adjustment from prior period	(60)	-
Other timing differences	53	88
Total tax charge	552	413

Deferred tax**Group**

Deferred tax assets and liabilities

	Asset £'000
2019	
Accelerated capital allowances	1,170
2018	
Accelerated capital allowances	1,572

There are £Nil of unused tax losses (2018 - £Nil) and £4,925,000 of unused tax credits (2018 - £5,746,000) for which no deferred tax asset is recognised in the Balance Sheet.

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £108,000 (2018 - £442,000).

The company and its subsidiary have identified an unrecognised deferred tax asset relating to accelerated capital allowances. It is considered that the availability of sufficient taxable profits in the future against which the underlying timing differences can be deducted cannot be seen with reasonable certainty. Therefore, this element of the deferred tax asset has not been recognised. An appropriate asset will be recognised when the group can demonstrate a return to taxable profits and a reasonable expectation of sufficient profits to utilise the timing differences. The net reversal of deferred tax assets expected to occur during the next year as the forecast profitability and the size of the capital allowance pool brought forward are such that capital allowance to be claimed are forecast to be in excess of depreciation.

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

9. Taxation (continued)

The UK corporation tax rate used for the year ended 31 December 2019 was 19% (2018:19%), the rate is expected to reduce to 18% from April 2020. These rates were substantively enacted at the balance sheet date and, in accordance with accounting standards, have been reflected in the company's financial statements in the current year.

10. Tangible assets

Group:	Fixtures, fittings, tools & equipment £'000	Rental assets £'000	Total £'000
<u>Cost</u>			
At 1 January 2019	5,672	13,112	18,784
Additions	18	749	767
Disposals	-	(3,223)	(3,223)
At 31 December 2019	<u>5,690</u>	<u>10,638</u>	<u>16,328</u>
<u>Depreciation</u>			
At 1 January 2019	5,494	9,304	14,798
Charge for the period	79	1,208	1,287
Disposals	-	(2,985)	(2,985)
At 31 December 2019	<u>5,573</u>	<u>7,527</u>	<u>13,100</u>
<u>Net Book Value</u>			
At 31 December 2019	<u>117</u>	<u>3,111</u>	<u>3,228</u>
At 31 December 2018	<u>178</u>	<u>3,808</u>	<u>3,986</u>

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

11. Investments

Company: £'000

Cost

At 31 December 2019 and 31 December 2018 25,513

£'000

Fair Value

As at 1 January 2019 25,513

Impairment loss 2019 (5,629)

As at 31 December 2019 **19,884**

Details of investments in subsidiary undertakings held by the Group are as follows:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Holding</u>	<u>Proportion of voting rights and share held</u>	
			2019	2018
BC Holdings (UK) Limited	England and Wales	Ordinary shares	100%	100%
BC Services (UK) Limited	England and Wales	Ordinary shares	100% φ	100% φ
Home Technology Finance Limited	England and Wales	Ordinary shares	100% φ	100% φ

φ Held by a subsidiary undertaking

The registered office of all the direct and indirectly held subsidiary companies is Lakeview House, Fraser Road, Priory Business Park, Bedford, MK44 3WH.

The principal activity of BC Holdings (UK) Limited is that of a holding company.

The principal activity of BC Services (UK) Limited is domestic electrical equipment servicing, fulfilment, product purchasing and corporate administration services.

The principal activity of Home Technology Finance Limited is rental and retailing of domestic electrical appliances.

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

12. Stocks

	Group		Company	
	Year to 31 Dec 2019	Year to 31 Dec 2018	Year to 31 Dec 2019	Year to 31 Dec 2018
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	<u>163</u>	<u>226</u>	<u>-</u>	<u>-</u>

An impairment provision charge of £16,000 (2018: £8,000 credit) was recognised in the cost of sales against stock during the year due to slow-moving and obsolete stock.

13. Debtors

	Group		Company	
	Year to 31 Dec 2019	Year to 31 Dec 2018	Year to 31 Dec 2019	Year to 31 Dec 2018
	£'000	£'000	£'000	£'000
Trade receivables	102	144	-	16
Prepayments and other debtors	142	165	52	4
Deferred tax assets	1,170	1,572	-	-
Total current trade and other receivables	<u>1,414</u>	<u>1,881</u>	<u>52</u>	<u>20</u>

Group trade receivables are stated after provisions for impairment of £39,000 (2018: £44,000).

14. Cash and cash equivalents

	Group		Company	
	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2018
	£'000	£'000	£'000	£'000
Cash at bank	<u>1,033</u>	<u>906</u>	<u>100</u>	<u>100</u>

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

15. Creditors

	Group		Company	
	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2018
	£'000	£'000	£'000	£'000
Due within one year				
Trade creditors	139	183	-	-
Social security and other taxes	342	446	-	-
Outstanding defined contribution pension costs	-	14	-	-
Other payables	68	96	-	-
Accrued expenses	1,323	1,333	20	26
Corporation tax liability	26	180	-	-
	<u>1,898</u>	<u>2,252</u>	<u>20</u>	<u>26</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16. Obligations under leases and hire purchase contracts**Group****Operating leases**

The total of future minimum lease payments is as follows:

	Year to 31 December 2019	Year to 31 December 2018
	£'000	£'000
Not later than one year	115	110
Later than one year and not later than five years	415	419
Later than five years	79	183
	<u>609</u>	<u>712</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £237,000 (2018 - £254,000).

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
(continued)**17. Provisions**

	Employee Benefits £'000	Property provisions £'000	Total £'000
Group:			
At 1 January 2019	17	43	60
Increase in existing provisions	-	2	2
Provision used	(8)	-	(8)
At 31 December 2019	<u>9</u>	<u>45</u>	<u>54</u>

	Employee Benefits £'000	Property provisions £'000	Total £'000
Group:			
At 1 January 2018	17	61	78
Increase in existing provisions	-	3	3
Provision used	-	(21)	(21)
At 31 December 2018	<u>17</u>	<u>43</u>	<u>60</u>

The property provision is in respect of dilapidation repairs on leased properties and rent commitments on vacant leased properties. The provision will be utilised against dilapidation costs and rent on vacant properties when incurred.

The employee benefit provision is in respect of contractual holiday pay obligations for certain employees. The provision will be utilised as the relevant employees leave the Group.

18. Share capital

Allotted, issued and fully paid shares:

	No.	£
Economic shares of £0.10 each	260,421	26,042
Voting shares of £0.10 each	100	10
D shares of £0.10 each	20,000	2,000
	<u>280,521</u>	<u>28,052</u>

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(continued)

18. Share capital (continued)

Dividends on Equity shares are limited to a value equivalent to dividends received from BC Holdings (UK) Limited, a subsidiary undertaking, in the period to which the dividend relates.

All holders of E shares, Voting shares and D shares are entitled to receive notice of, and to attend, any general meetings of the company. However, the Voting shareholders are the only shareholders entitled to speak and vote at such meetings.

On winding up of the company the E shareholders, Voting shareholders and D shareholders are entitled to receive the amount paid up and any premium paid to the company on their issue. For those purposes all shares rank pari passu. Thereafter, any surplus arising will be distributed to the E shareholders in proportion to the number of E shares held by them.

19. Reserves

Called-up share capital

Called-up share capital represents the nominal value of shares that have been issued.

Retained earnings

The retained earnings reserve includes distributable reserves and all current and prior period retained profits and losses.

20. Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £90,000 (2018 - £94,000).

Contributions totalling £NIL (2018 - £14,000) were payable to the scheme at the end of the year and are included in creditors.

21. Dividends

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
<i>Dividends proposed and paid during the period:</i>		
E share distribution	6,726	8,823
D share distribution	1,682	2,206
	<u>8,408</u>	<u>11,029</u>
 <i>Dividends proposed and paid after the period end:</i>		£'000
E share distribution		4,748
D share distribution		1,187
		<u>5,935</u>

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
(continued)**22. Related party transactions***Group*

The Group and Company are exempt from disclosing related party transactions that are with other companies that are wholly owned within the Group.

Key management personnel

Key management includes the directors and the members of senior management. The compensation paid or payable to key management for employee services is shown below:

Key management compensation

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Salaries and other short-term employee benefits	893	1,001
	<u>893</u>	<u>1,001</u>

23. Financial instruments**Group:**

Financial assets at fair value through statement of comprehensive income	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
	<u>-</u>	<u>-</u>

Financial assets that are debt instruments measured at amortised cost	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Trade receivables	102	144
Prepayments	142	165
	<u>244</u>	<u>309</u>

BXC UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

23. Financial instruments (continued)

Financial liabilities that are debt instruments measured at amortised cost	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Trade creditors	139	183
Accrued expenses	1,323	1,333
Other payables	68	96
Outstanding defined contribution pension costs	-	14
Corporation tax liability	26	180
	<u>1,556</u>	<u>1,806</u>

Company

Financial assets that are debt instruments measured at amortised cost	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Trade receivables	-	16
Prepayments	52	4
	<u>52</u>	<u>20</u>

Financial assets that are equity instruments at cost less impairment	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
	<u>19,884</u>	<u>25,513</u>

Financial assets that are debt instruments measured at amortised cost	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Accrued expenses	20	26
	<u>20</u>	<u>26</u>

24. Controlling party

The company's immediate parent entity is Bradley Hall Holdings Limited and WPC2 Limited, both incorporated in England and Wales.

The ultimate controlling ownership of the group rests with Goldman Sachs Group Inc. and James Weight through their shareholdings in the Group.

BXC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

25. Subsequent events

Since the balance sheet date, the global economy has been adversely impacted by the COVID-19 pandemic. This is considered a non-adjusting post-balance sheet. The COVID-19 pandemic has, at the time of approving these financial statements, had no net adverse impact on the Group.

In September 2020, WPC 2 Limited acquired the remaining shares in the Company from Bradley Hall Holdings Limited. The transaction was funded by a fixed term loan undertaken by WPC 2 Limited to which the Group is a guarantor and is monitored against certain loan covenants along with other entities in the Group. While this guarantee increases the Group's net financial commitment, the level of the commitment is materially below the Group's forecasted cash generation over the term of the loan and therefore the Directors are satisfied the loan repayments could be met by the Group if they fall due on the Group. The directors have assessed the future cashflows and forecast and are satisfied the Group will also be able to meet the loan covenants.

The directors consider the COVID-19 pandemic to not change the reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Further details are included in the Strategic report, Directors Report and Note 2 of the financial statements.

Subsequent to the shares being acquired by WPC 2 Limited, as mentioned above, the ultimate controlling party is James Weight, through his shareholdings in the Group.