Power Minerals Limited

Report and Financial Statements

31 December 2019

Directors
N P Waldron
I J Skidmore

Auditors
Townends Accountants LLP
Carlisle Street
Goole
DN14 5DX

Registered Office
Wrens Court 46 South Parade
Sutton Coldfield
Birmingham
West Midlands B72 1QY

Strategic report

Principal activity and review of the business

The principal activity of the company is the marketing and sale of by-products from coal fired power stations.

The key financial and other performance indicators during the year were as follows:

	2019 £	*2018* £	*Change* %
Turnover	9,029,671	9,323,083	(3.1)
Gross Profit	1,517,491	2,191,413	(30.8)
Operating Loss	(452,100)	385,012	(217.4)
Loss after tax	(427,927)	400,272	(190.7)
Equity shareholders funds	395,046	1,223,244	(67.7)
Current assets as a % of current liabilities ('quick ratio')	0.22	0.26	(0.04)
Average trade days*	80	96	(16)
Average number of employees	16	16	0

*Average trade days are calculated as stock plus debtors less creditors.

The year ending 31 December 2019 saw a loss for the first year in the company's history. Although Revenue was slightly down, the loss is largely due to the continued investment in the Biolite fertiliser arm of the business to secure the long-term future of the company.

The traditional ash sales division of the company continued to perform well despite the Governments continued push to move away from coal fired power generation and a relatively mild winter that affected fresh production of ash. There has also been a steady income stream from the sale of Biomass Ash which continues to be sold into the traditional PML sales markets.

Principal risks and uncertainties

Reliance on key customers

Margins within most of the ash sales markets have increased and these are expected to remain robust going forward. Both of PML's main contracts at Drax and Fiddlers Ferry Power Stations are performing well and a diversified customer portfolio is maintained. In addition, the Biolite division of the company is facilitating the move into a new market with new customers.

Market conditions

Despite concerns over Brexit, Market conditions remain stable in PML's traditional business. However, a number of customer projects were delayed until the beginning of 2020 which affected the timing of PML's results.

Dependence on key personnel

The structure of the core business remains strong and stable with minimal changes during the year. There was a reorganisation of the Biolite division to reflect the movement from project to operational business, readying for full production in 2020. This saw an increase in FTE but with a reduction of personnel costs.

Strategic report (Continued)

Health and safety

The Biolite division maintains its ISO 9001, 14001 AND 18001. The business continues to employ its own in-house health and safety team, complemented by external advisors.

Government energy policy

The UK Government has continued with the policy its phasing out of coal fired power stations to 2025 with most plants likely to close by 2022. The utilization of ash stockpiles and storage options will maintain the viability of the business after that date.

Financial risk management

Due to the nature of the company, it has exposure to a limited number of financial risks

The directors have not disclosed the company's financial management objectives and policies nor the company's exposure to price risk, credit risk and liquidity risk as such information is not material for the assessment of the Company's assets, liabilities, financial position and profit for the year.

Brexit

Fluctuations in currency exchange rates and potential tariffs on imported material may have an impact on the business but with Europe adopting the same coal phasing out adopted by the UK, PML does not see imported ash featuring as a major element of its future strategy.

Covid-19

The Covid-19 pandemic has not affected the 2019 financial results or the basis of any valuations included. It is unlikely to have a material impact on the ongoing performance of the business in future periods.

On behalf of the Board

N P Waldron

Director

30th September 2020

Registered No. 06715071

Directors' report

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

Results and dividends

The Loss for the year after taxation amounted to -£427,927 (2018 – profit of £400,272). The directors recommend a final dividend of £Nil (2018 – £400,272). The dividends for both 2017 & 2018 are to be paid in 2020.

Going concern

Despite the company making a loss in 2019, the Directors have the expectation that the company will be able to operate successfully for the foreseeable future. The loss was a conscious decision following further investment in the Biolite division to secure the longer-term future of the busines. There is still a strong market for ash projects and PML is in a good position to meet the volumes needed for the products required. The company maintains good relationships with all stakeholders of the business and this will assist in maintaining the position in the sector as the market leader. Our flexibility in making storage and ash piles commercially viable has also helped in this area.

Directors

The directors who served the company during the year were as follows:

N P Waldron
I J Skidmore

Directors' qualifying third party indemnity provisions

There were no qualifying third-party indemnity provisions in force for the benefit of one or more of the Directors at any time during the financial year (2018 – none).

Political and charitable contributions

The company made no charitable or political contributions during the year (2018 – £nil).

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to appoint Townends Accountants LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

N P Waldron

Director
30th September 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Director's 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 FRS 102 *The Financial Reporting Standard applicable in the UK* (Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 Power Minerals Limited

Opinion

We have audited the financial statements of Power Minerals Limited (the 'company') for the year ended 31 December 2019 which comprise the income statement, statement of income and retained earnings, statement of financial position and the related notes, 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 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;
- 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. 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 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 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.

Power Minerals Limited

Independent Auditor's Report to the Members of Power Minerals Limited *(continued)*

Year ended 31 December 2019

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 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 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 the 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 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, 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 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditors' report

to the members of Power Minerals Limited

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

P Sharpe

Paul Sharpe (Senior Statutory Auditor)

For and on behalf of
Townends Accountants LLP
Chartered Accountants & Statutory Auditor
1 October 2020

Carlisle Street
Goole
East Riding of Yorkshire
DN14 5DX

Income statement

for the year ended 31 December 2019

Income statement

for the year ended 31 December 2019

	Notes	*2019* £	*2018* £
Turnover	2	9,029,671	9,323,083
Cost of sales		(7,512,180)	(7,131,670)
Gross Profit		1,517,491	2,191,413
Administrative expenses		(1,969,591)	(1,806,401)
Operating Profit/(Loss)	3	(452,100)	385,012
Interest receivable and similar income	6	2,869	2,497
Interest payable and similar charges	7	(65,633)	(60,209)
Profit on ordinary activities before taxation		(514,864)	327,300
Tax	8	(86,937)	72,972
Profit for the financial year		(427,927)	400,272

All amounts relate to continuing activities.

Statement of other comprehensive income

for the year ended 31 December 2019

There is no other comprehensive income other than the loss attributable to the shareholders of the company of (£427,927) in the year ended 31 December 2019 (2018 – profit of £400,272).

Statement of changes in equity

at 31 December 2019

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 1 January 2018	1,600	1,550,786	1,552,386
Profit for the year	–	400,272	400,272
Dividends	–	(729,413)	(729,413)
At 1 January 2019	1,600	1,221,645	1,223,245
Profit for the year	–	(427,927)	(427,927)
Dividends	–	(400,272)	(400,272)
At 31 December 2019	1,600	393,446	395,046

Statement of financial position

at 31 December 2019

	Notes	*2019* £	*2018* £
Assets			
Non-current assets			
Intangible assets	10	3,607,007	2,932,441
Tangible assets	11	1,079,876	920,585
Other non-current financial assets	12	50,000	50,000
		4,736,883	3,903,026
Current assets			
Stocks	13	202,042	365,752
Debtors	14	1,408,896	1,314,160
Cash at bank and in hand		1,043,785	1,062,279
		2,654,723	2,742,191
Total assets		**7,391,606**	**6,645,217**
Equity and liabilities			
Current liabilities			
Creditors: amounts falling due within one year	15	6,875,563	5,291,973
Non-current liabilities			
Provisions	16	120,997	130,000
Total liabilities		120,997	5,421,973
Equity			
Called up share capital	17	1,600	1,600
Profit and loss account		393,446	1,221,644
Total equity		395,046	1,223,244
Total equity & liabilities		**7,391,606**	**6,645,217**

The financial statement were approved by the Board of Directors on 30th September 2020 and were sign on its behalf by:

N P Waldron

Director

Notes to the financial statements

at 31 December 2019

1. Accounting policies

Statement of compliance

Power Minerals Limited ("the Company") is a limited liability company incorporated in England. The registered office is Wrens Court 46 South Parade, Sutton Coldfield, Birmingham, West Midlands B72 1QY.

The financial statements have been prepared in accordance with FRS 102 as it applies to financial statements of The Company for the year ended 31 December 2019.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of The Company round to the nearest £ sterling.

Group financial statements

The Company is a wholly owned subsidiary of its immediate parent undertaking, Power Minerals UK Holdings Limited, and is included in the group financial statements of its parent STEAG GmbH, which are available from Ruettenscheider Strasse 1-3,45128 Essen, Germany. Consequently, the Company has taken advantage of the following disclosure exemptions under FRS 102;

- The requirements of section 7 Statement of Cash Flows and section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.48(a)(iii), 11.48(b) and 11.48(c)
- Section 33 Related Party Disclosures paragraph 33.7.

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balances sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have has the most significant effect on the amounts recognised in the financial statements.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discounts rates to be applied and the expected period of benefits

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax that can be recognised based up an assessment of the effect of future tax planning strategies. Further details are contained in Significant Accounting Policy section and note 8.

Intangible fixed assets

Intangible assets acquired separately from a business are capitalised at cost.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

Intangible fixed assets (continued)

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight-line basis over their estimated useful lives once brought in to use in the business. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Patent	–	20 years
REACH Registration	–	5 Years

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Furniture and equipment	–	20%-50% per annum
Plant and machinery	–	10%-33% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Cost includes an appropriate proportion of attributable overheads.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

Pensions

The company operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Financial assets and liabilities

Financial assets and liabilities are initially recognised at cost and only derecognised once payment has been received/made in respect of the instruments.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Revenue is recognised when the risks and reward of ownership pass to the buyer usually on dispatch of the goods.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Derivative instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

The company does not undertake any hedge accounting transactions.

2. Turnover

An analysis of turnover by geographical market is given below:

	2019	*2018*
	£	*£*
United Kingdom	8,610,218	9,098,503
Continental Europe	419,453	224,580
	9,029,671	9,323,083

Notes to the financial statements

at 31 December 2019

3. Operating Profit

This is stated after charging / (crediting):

			2019	2018
			£	£
Auditors' remuneration	–	audit fees	9,000	17,818
	–	other fees	–	–
Depreciation of owned fixed assets			80,323	80,313
Amortisation of intangible assets			9,114	9,114
Operating lease rentals			16,195	17,786
Profit on disposal of fixed assets			–	–

4. Directors' remuneration

	2019	2018
	£	£
Remuneration	331,702	274,254

Both directors that served during the year are included in the figures above for their services to the company. The aggregate remuneration of the highest paid Director was £191,721 (2018 – £155,674). All other Directors are employees of other group undertakings and received no remuneration in respect of services provided to the company (2018 – £nil).

The aggregate value of company contributions paid to a pension in respect of directors qualifying services of the highest paid Director was £7,882 (2018 – £7,408).

5. Staff costs

	2019	2018
	£	£
Wages and salaries (including directors' remuneration)	965,533	823,617
Social security costs	106,078	104,134
Other pension costs	42,207	37,282
	1,113,818	965,033

The average monthly number of employees (including directors) during the year was made up as follows:

	No.	No.
Directors	2	2
Sales and administration	12	13
Production	2	1
	16	16

Notes to the financial statements

at 31 December 2019

6. Interest receivable and similar income

	2019	2018
	£	£
Interest receivable	2,869	2,497

7. Interest payable and similar charges

	2019	2018
	£	£
Interest payable	65,663	60,209

8. Tax

(a) Tax on profit on ordinary activities

The tax rebate is made up as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax at 19% (2018: 19%)	(31,762)	37,476
Tax overprovided in previous years	(5,556)	(133,659)
Total current tax	(37,318)	(96,183)
Deferred tax:		
Origination and reversal of temporary differences	(49,321)	23,211
Adjustment in respect of prior year	(298)	–
Total deferred tax	(49,619)	23,211
Tax on profit on ordinary activities (note 8 (B))	(86,937)	(72,972)

(b) Factors affecting tax rebate for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	(514,864)	327,300
Profit on ordinary activities multiplied by the standard rate of tax in the UK 19% (2018: 19%)	(97,824)	62,187
Effects of:		
Expenses not deductible for tax purposes	10,938	10,161
Effect of different rates of tax on DT	5,802	(2,732)
Taxable R&D credit	(0)	(8,930)
Current tax overprovided in previous years	(5,556)	(133,659)
Deferred tax overprovided in previous years	(298)	(0)
Total tax rebate (note 8(a))	(86,937)	(72,973)

Notes to the financial statements

at 31 December 2019

8. Tax (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2019	*2018*
	£	*£*
Included in debtors (note 14)	-	–
Included in provisions for liabilities (note 15)	(88,121)	(137,740)
	(88,121)	(137,740)

The deferred tax relates to capital allowances for fixed asset additions during the year.

(d) Factors that may affect future tax charges

Finance Act 2016 was enacted on 15 September 2016 and announced that the corporation tax rate effective as at 1 April 2020 would, in fact, be 17%. Deferred tax is therefore provided at 17% being the rate enacted at the balance sheet date.

9. Dividends

	2019	*2018*
	£	*£*
Dividends paid in respect of the period	400,272	729,413

10. Intangible fixed assets

	Total
	£
Cost:	
At 1 January 2019	2,950,669
Additions	683,680
Disposals	–
At 31 December 2019	3,634,349
Accumulated depreciation:	
At 1 January 2019	(18,228)
Charge for the year	(9114)
Disposals	–
At 31 December 2019	(27,342)
Net book value:	
At 31 December 2019	3,607,007
At 1 January 2019	2,932,441

Notes to the financial statements

at 31 December 2019

10. Intangible fixed assets (continued)

The intangible asset balance relates to:

£3,607,007 relates to Research & Development costs (including patents) of a fertiliser technology. £2,905,097 is carried forward from previous financial years with £683,680 additions during the year. The project is awaiting confirmation to proceed to commercial production and so no amortisation has been applied in the current financial period.

£18,230 (£45,572 cost, £27,342 amortisation) relates to the capitalisation and amortisation of costs relating to REACH registration for Cenosphers.

11. Tangible fixed assets

	Furniture and equipment	*Plant and machinery*	*Total*
	£	*£*	*£*
Cost:			
At 1 January 2019	55,041	1,195,890	1,250,931
Additions	–	239,614	239,614
Disposals	–	–	–
At 31 December 2019	55,041	1,435,504	1,490,545
Accumulated depreciation:			
At 1 January 2019	(47,539)	(282,807)	(330,346)
Charge for the year	(6,430)	(73,893)	(80,323)
Disposals	–	–	–
At 31 December 2019	(53,969)	(356,700)	(410,669)
Net book value:			
At 31 December 2019	1,072	1,078,804	1,079,876
At 1 January 2019	7,502	913,083	920,585

Tangible fixed assets are subject to impairment reviews in accordance with UK Generally Accepted Accounting Practice. Any impairment is charged to the income statement.

12 Other non-current financial assets

	2019	*2018*
	£	*£*
Lease deposit	50,000	50,000

13. Stocks

	2019	*2018*
	£	*£*
Raw materials and consumables	202,042	365,752

Stocks recognised as an expense in the year were £597,567 (2018 – £1,111,766).

Notes to the financial statements

at 31 December 2019

14. Debtors

	2019	*2018*
	£	*£*
Amounts falling due within one year		
Trade debtors	1,199,099	893,989
Prepayments and accrued income	117,960	277,297
Corporation Tax	91,837	142,874
Other debtors	–	–
	1,408,896	1,314,160

15. Creditors: amounts falling due within one year

	2019	*2018*
	£	*£*
Trade creditors	1,802,207	800,431
Amounts owed to group undertakings	4,424,043	3,995,558
Corporation tax	–	–
Deferred tax (note 8(c))	88,121	137,740
Other taxes and social security costs	50,121	125,138
Liabilities from derivatives	–	–
Accruals and deferred income	511,071	233,106
	6,875,563	5,291,973

The amounts owed to other group undertakings split as follows:

- £1,129,688 is non-interest bearing and repayable within twelve months.
- £3,294,355 relates to an overdraft facility with interest at 1.97% which is in line with market rates.

16. Provisions

	2019	*2018*
	£	*£*
Premises – dilapidation costs > 1 year	120,997	130,000

17. Issued share capital

		2019		*2018*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	1,600	1,600	1,600	1,600

Notes to the financial statements

at 31 December 2019

18. Pensions

The company operates a group personal pension scheme. The pension cost for the year represents contributions payable by the Company to the fund and amounted to £42,207 (2018 – £37,282). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

19. Other financial commitments

At 31 December 2019 the company had annual commitments under non-cancellable operating leases as set out below:

	2019	*2018*
	£	*£*
Operating leases which expire:		
Within one year	13,352	18,189
In two to five years	13,997	16,725
	27,549	34,914

20. Related party transactions

The company has taken advantage of the exemption in FRS 102, section 33 Related Party Disclosures paragraph 33.7 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate parent undertaking.

During the year the company entered into transactions in the ordinary course of business, with other related parties. Trading balances outstanding at 31 December 2019 are as follows:

	Amounts owed from related parties	*Amounts owed to related parties*
	£	*£*
Parent company		
2019	–	(0)
2018		(37,421)

During the year the company entered into transactions in the ordinary course of business, with other related parties. Non-trading balances outstanding at 31 December 2019 are as follows:

	Amounts owed from related parties	*Amounts owed to related parties*
	£	*£*
Parent company		
2019	–	(4,424,043)
2018	–	(3,958,137)

Notes to the financial statements

at 31 December 2019

21. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Power Minerals UK Holdings Limited, a company registered and incorporated in England and Wales.

The smallest parent undertaking for which group financial statements are prepared is Steag GmbH, a company registered and incorporated in Germany.

The ultimate parent undertaking for which group financial statements are prepared is KSBG Kommunale Beteiligungsgesellschaft GmbH & Co. KG, a company registered and incorporated in Germany.