

Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2020
for
PREMIER WASTE (UK) HOLDINGS PLC

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for the year ended 31 December 2020

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PREMIER WASTE (UK) HOLDINGS PLC

Company Information
for the year ended 31 December 2020

Directors:	P Courtney D Courtney
Secretary:	D Courtney
Registered office:	5-6 Greenfield Crescent Edgbaston Birmingham West Midlands B15 3BE
Business address:	209-211 Walsall Road Perry Barr Birmingham B42 1BS
Registered number:	02232586 (England and Wales)
Auditors:	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE
Bankers:	Lloyds Bank P O Box 46 The Bridge Walsall West Midlands WS1 1LU

Group Strategic Report
for the year ended 31 December 2020

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

Review of business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

The principal activity of the group has not changed in the year.

We consider that our key financial performance indicators are those that communicate the financial performance and the strength of the group as a whole, these being turnover, gross margin and return on capital employed.

Turnover has increased by 8.40% in the year.

Overall operating profit was £1,236,310 (11.07%) (2019 £383,483 (3.72%)) and profit before tax was £1,206,941 (2019 £354,743). After taxation and dividends a profit of £1,062,093 (2019 £217,679) has been added to reserves.

Return on capital employed is 15.89% (2019 5.97%). Return on capital employed is calculated as profit before interest and tax divided by capital employed, which constitutes total assets less current liabilities.

Principal risks and uncertainties

As for many businesses of our size, the business environment in which we operate continues to be challenging. The market in the UK is highly competitive and margins continue to be tight. We continue to face strong competition. We are also subject to consumer spending patterns and consumers overall level of disposable income within our economy.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

Section 172(1) statement

Stakeholder Engagement

As the Board of Premier Waste (UK) Holdings Plc we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the groups success for the benefit of its members as a whole, and to have regard to the long term effect of our decisions on the group and its stakeholders. This statement summarises the ways in which we as a Board address this responsibility.

Promoting the company's success for its members

Premier Waste (UK) Holdings Plc, is the parent company of Premier Waste (UK) Plc and Premier Waste Management Services (UK) Plc. The group has provided its employees, past and present, with opportunities for employment, training, career development and financial reward.

In an increasingly competitive environment with competitors accepting low margins, the group has focused on maintaining its image as a trusted supplier offering high quality services whilst delivering pleasing financial returns. In order to continue to deliver satisfactory returns we recognise the need to protect and grow our markets, form strategic partnerships with other companies operating in our market sector whilst optimizing investments in the business.

Our key stakeholders, and the ways in which we engage with them, include:

Our shareholders:

We recognise that the shareholders place their trust and confidence in us to manage the affairs of the company with the best interests of all stakeholders at heart whilst also striving to achieve consistently high returns on their investment in the business. We are fortunate that the shareholders take an active interest in promoting the long term success of the business.

Group Strategic Report
for the year ended 31 December 2020

Section 172(1) statement - continued

Our employees:

We recognise the valuable contribution that our employees make to the success of our business. All employees undergo appropriate training to ensure that we maintain the highest standard of operations and safety. Advancement of employees is encouraged and supported by the company through provision of appropriate training courses. Communications on all matters of relevance or significance are communicated through a site wide network of notice boards. Employees are encouraged to approach senior management at any time if they have issues to discuss.

Our customers and suppliers:

The success of our business is based on forging close relationships with our customers and suppliers, understanding their needs and promoting a spirit of cooperation with both ends of the value chain. We meet regularly with key suppliers to discuss the outlook for the industry and our business needs. Our customers appreciate the high quality service we aim to provide.

Our community:

As a local business in Birmingham we recognise the need to engage with our local community.

Our planet:

We recognise that compliance with environmental legislation and good practice is essential in order to contribute to the wellbeing of our planet and to continue operating.

Health & Safety/Environmental:

The Company takes its responsibilities with regard to health and safety and environmental matters seriously. Appropriate policies and procedures are in place and management systems are well documented and controlled by both the company. Staff training needs are identified and implemented in order that the Company continues to meet its legal obligations. There have been no reportable incidents of a health and safety or environmental nature in the period. The Company has implemented policies and procedures, in line with Government and HSE guidelines to ensure the wellbeing of its workforce during the COVID-19 crisis.

Statement of corporate governance arrangements

Due to its size the group has opted to apply the exemption from the requirement to report its corporate governance arrangements.

Development and performance

We consider that the financial position of the group at the year end is strong with adequate reserves in place.

Going concern

The initial impact of COVID-19 resulted in decreased sales and activity, however we have considered potential scenarios of the COVID-19 impact based on current trends and are confident that we can manage through relevant future disruption. At the time of approving the financial statements, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board:

D Courtney - Director

30 June 2021

Report of the Directors
for the year ended 31 December 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

Principal activity

The principal activity of the group continued to be that of waste disposal and waste management services.

Dividends

Ordinary dividends were paid amounting to £135,000 (2019 £75,000). The directors do not recommend payment of a final dividend.

Directors

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

P Courtney

D Courtney

Financial instruments

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Engagement with suppliers, customers and others

The group's current policy concerning the payment of trade creditors is to settle the terms of payment with suppliers and agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts and pay in accordance with the group's contractual and other legal obligations.

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Report of the Directors
for the year ended 31 December 2020

Auditors

The auditors, Haines Watts Birmingham LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

D Courtney - Director

30 June 2021

Report of the Independent Auditors to the Members of
Premier Waste (UK) Holdings Plc

Opinion

We have audited the financial statements of Premier Waste (UK) Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, 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 Financial Reporting Standard 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 group's and of the parent company affairs as at 31 December 2020 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in the accounting policies note.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Premier Waste (UK) Holdings Plc

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 Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept by the parent company, 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 Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102), Environmental Protection Act 1990 and relevant tax legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- obtaining licences from the Environmental Agency to ensure compliance with regulations
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any key audit matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

Report of the Independent Auditors to the Members of
Premier Waste (UK) Holdings Plc

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 a Report of the Auditors 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.

Andrew Hughes ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

30 June 2021

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	3	11,170,879	10,305,462
Cost of sales		<u>(6,884,263)</u>	<u>(6,408,881)</u>
Gross profit		4,286,616	3,896,581
Administrative expenses		<u>(3,358,821)</u>	<u>(3,623,182)</u>
		927,795	273,399
Other operating income	4	<u>308,515</u>	<u>110,084</u>
Operating profit	6	1,236,310	383,483
Interest receivable and similar income		<u>-</u>	<u>480</u>
		1,236,310	383,963
Interest payable and similar expenses	7	<u>(29,369)</u>	<u>(29,220)</u>
Profit before taxation		1,206,941	354,743
Tax on profit	8	<u>(9,848)</u>	<u>(62,064)</u>
Profit for the financial year		1,197,093	292,679
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,197,093</u>	<u>292,679</u>
Profit attributable to: Owners of the parent		<u>1,197,093</u>	<u>292,679</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,197,093</u>	<u>292,679</u>

The notes form part of these financial statements

PREMIER WASTE (UK) HOLDINGS PLC (REGISTERED NUMBER: 02232586)

Consolidated Balance Sheet
31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	12		-		-
Tangible assets	13		3,056,417		3,334,483
Investments	14		-		-
			3,056,417		3,334,483
Current assets					
Debtors	15	2,263,549		2,560,894	
Cash at bank and in hand		4,476,407		3,172,619	
		6,739,956		5,733,513	
Creditors					
Amounts falling due within one year	16	2,447,831		2,645,310	
Net current assets			4,292,125		3,088,203
Total assets less current liabilities			7,348,542		6,422,686
Creditors					
Amounts falling due after more than one year	17		(496,318)		(717,120)
Provisions for liabilities	21		(220,767)		(136,202)
Net assets			6,631,457		5,569,364
Capital and reserves					
Called up share capital	22		150,000		150,000
Retained earnings	23		6,481,457		5,419,364
Shareholders' funds			6,631,457		5,569,364

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2021 and were signed on its behalf by:

D Courtney - Director

PREMIER WASTE (UK) HOLDINGS PLC (REGISTERED NUMBER: 02232586)

Company Balance Sheet
31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	12		-		-
Tangible assets	13		1,173,515		1,191,539
Investments	14		<u>80,399</u>		<u>80,399</u>
			1,253,914		1,271,938
Current assets					
Debtors	15	1,646,440		1,741,690	
Cash at bank		<u>234,280</u>		<u>59,842</u>	
		1,880,720		1,801,532	
Creditors					
Amounts falling due within one year	16	<u>725,032</u>		<u>792,381</u>	
Net current assets			1,155,688		1,009,151
Total assets less current liabilities			2,409,602		2,281,089
Capital and reserves					
Called up share capital	22		150,000		150,000
Retained earnings	23		<u>2,259,602</u>		<u>2,131,089</u>
Shareholders' funds			2,409,602		2,281,089
Company's profit for the financial year			<u>263,513</u>		<u>171,193</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2021 and were signed on its behalf by:

D Courtney - Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	150,000	5,201,685	5,351,685
Changes in equity			
Dividends	-	(75,000)	(75,000)
Total comprehensive income	-	292,679	292,679
Balance at 31 December 2019	<u>150,000</u>	<u>5,419,364</u>	<u>5,569,364</u>
Changes in equity			
Dividends	-	(135,000)	(135,000)
Total comprehensive income	-	1,197,093	1,197,093
Balance at 31 December 2020	<u>150,000</u>	<u>6,481,457</u>	<u>6,631,457</u>

Company Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	150,000	2,034,896	2,184,896
Changes in equity			
Dividends	-	(75,000)	(75,000)
Total comprehensive income	-	171,193	171,193
Balance at 31 December 2019	<u>150,000</u>	<u>2,131,089</u>	<u>2,281,089</u>
Changes in equity			
Dividends	-	(135,000)	(135,000)
Total comprehensive income	-	263,513	263,513
Balance at 31 December 2020	<u>150,000</u>	<u>2,259,602</u>	<u>2,409,602</u>

**Consolidated Cash Flow Statement
for the year ended 31 December 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	1,880,273	277,699
Interest element of hire purchase payments paid		(28,285)	(29,220)
Tax paid		(109,306)	-
Net cash from operating activities		<u>1,742,682</u>	<u>248,479</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(176,371)	(291,661)
Sale of tangible fixed assets		12,920	75,108
Interest received		-	480
Net cash from investing activities		<u>(163,451)</u>	<u>(216,073)</u>
Cash flows from financing activities			
New loans in year		50,000	-
Capital repayments in year		(390,741)	(409,883)
Amount withdrawn by directors		(9,348)	(1,176,917)
Government grants		209,646	-
Equity dividends paid		(135,000)	(75,000)
Net cash from financing activities		<u>(275,443)</u>	<u>(1,661,800)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,303,788</u>	<u>(1,629,394)</u>
Cash and cash equivalents at beginning of year	2	3,172,619	4,802,013
Cash and cash equivalents at end of year	2	<u><u>4,476,407</u></u>	<u><u>3,172,619</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the year ended 31 December 2020**

1. Reconciliation of profit before taxation to cash generated from operations

	2020	2019
	£	£
Profit before taxation	1,206,941	354,743
Depreciation charges	575,149	568,261
Profit on disposal of fixed assets	(8,636)	(4,896)
Government grants	(236,731)	(41,651)
Finance costs	29,369	29,220
Finance income	-	(480)
	1,566,092	905,197
Decrease/(increase) in trade and other debtors	297,345	(266,424)
Increase/(decrease) in trade and other creditors	16,836	(361,074)
Cash generated from operations	1,880,273	277,699

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	4,476,407	3,172,619

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	3,172,619	4,802,013

3. Analysis of changes in net funds

	At 1/1/20	Cash flow	At 31/12/20
	£	£	£
Net cash			
Cash at bank and in hand	3,172,619	1,303,788	4,476,407
	3,172,619	1,303,788	4,476,407
Debt			
Finance leases	(1,001,318)	265,746	(735,572)
Debts falling due within 1 year	-	(5,000)	(5,000)
Debts falling due after 1 year	-	(45,000)	(45,000)
	(1,001,318)	215,746	(785,572)
Total	2,171,301	1,519,534	3,690,835

Notes to the Consolidated Financial Statements
for the year ended 31 December 2020

1. **Statutory information**

Premier Waste (UK) Holdings Plc is a private company limited by shares incorporated in England and Wales. The registered office is 5-6 Greenfield Crescent, Edgbaston, Birmingham, B15 3BE.

2. **Accounting policies**

Basis of preparing the financial statements

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Premier Waste (UK) Holdings PLC and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the directors are required to consider a period of at least 12 months from the date of approval of the financial statements.

2. Accounting policies - continued

Significant judgements and estimates

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fixed asset valuation

Fixed assets are valued at depreciated historic cost. Calculation of depreciation provisions require judgements to be made, which include assessing the expected useful life of the asset, and any residual value that may arise at the end of its useful life.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

2. Accounting policies - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Over 40 years
Land and buildings Leasehold	Over the period of the lease
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

The group lets part of its premises to third parties (see note 3 for details of rental income). The directors consider that it is not practical, cost effective or material to these accounts to reclassify the property assets that are let to third parties as investment properties and so they are included instead within property, plant and machinery.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Government grants

Grants which are of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

2. **Accounting policies - continued**

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

2. Accounting policies - continued

Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Hire purchase and leasing commitments

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

2. Accounting policies - continued

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

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

	2020	2019
	£	£
Waste disposal & recycling	11,170,879	10,305,462
	11,170,879	10,305,462

The group turnover all arose within the UK.

4. Other operating income

	2020	2019
	£	£
Property rental income	71,784	68,433
Government grants	236,731	41,651
	308,515	110,084

5. Employees and directors

	2020	2019
	£	£
Wages and salaries	1,987,165	1,871,666
Social security costs	191,011	172,484
Other pension costs	31,847	29,581
	2,210,023	2,073,731

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

	2020	2019
Administration	7	9
Waste management	57	51
	64	60

The average number of employees by undertakings that were proportionately consolidated during the year was 62 (2019 - 58).

The average number of employees in the year was 64 (2019 60).

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

5. Employees and directors - continued

	2020	2019
	£	£
Directors' remuneration	<u>20,977</u>	<u>25,867</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	-----------------	-----------------

6. Operating profit

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Other operating leases	158,002	158,002
Depreciation - owned assets	264,182	236,468
Depreciation - assets on hire purchase contracts	310,966	331,793
Profit on disposal of fixed assets	(8,636)	(4,896)
Auditors' remuneration	<u>10,600</u>	<u>10,600</u>

Auditors remuneration includes £9,000 (2019 £9,000) in respect of subsidiary companies.

7. Interest payable and similar expenses

	2020	2019
	£	£
Bank interest	1,085	-
Hire purchase	<u>28,284</u>	<u>29,220</u>
	<u>29,369</u>	<u>29,220</u>

8. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	113,167	55,786
Prior year tax adjustment	<u>(187,885)</u>	<u>-</u>
Total current tax	<u>(74,718)</u>	<u>55,786</u>
Deferred tax	<u>84,566</u>	<u>6,278</u>
Tax on profit	<u>9,848</u>	<u>62,064</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

8. Taxation - continued

Reconciliation of total tax charge included in profit and loss

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

	2020	2019
	£	£
Profit before tax	<u>1,206,941</u>	<u>354,743</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2019 - 19 %)	229,319	67,401
Effects of:		
Expenses not deductible for tax purposes	1,188	599
Income not taxable for tax purposes	(7,159)	(7,913)
Capital allowances in excess of depreciation	-	(112,032)
Depreciation in excess of capital allowances	28,199	-
Utilisation of tax losses	(138,380)	(9,289)
Adjustments to tax charge in respect of previous periods	(187,885)	-
Deferred tax re timing differences	<u>84,566</u>	<u>123,298</u>
Total tax charge	<u>9,848</u>	<u>62,064</u>

9. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. Dividends

	2020	2019
	£	£
Ordinary shares shares of £1 each		
Interim	<u>135,000</u>	<u>75,000</u>

11. Government grants

Deferred income arising from government grants is included in the financial statements as follows:

	2019	2018
£		
Current liabilities	27,086	37,306
Non-current liabilities	<u>81,261</u>	<u>112,692</u>
	<u>108,347</u>	<u>149,998</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

12. Intangible fixed assets

Group

Goodwill
£

Cost

At 1 January 2020
and 31 December 2020

250,000

Amortisation

At 1 January 2020
and 31 December 2020

250,000

Net book value

At 31 December 2020
At 31 December 2019

-
-

Company

Goodwill
£

Cost

At 1 January 2020
and 31 December 2020

250,000

Amortisation

At 1 January 2020
and 31 December 2020

250,000

Net book value

At 31 December 2020
At 31 December 2019

-
-

13. Tangible fixed assets

Group

Freehold property
£

Long leasehold
£

Plant and machinery
£

Cost

At 1 January 2020

1,458,882 39,513 5,320,559

Additions

- - 108,142

Disposals

- - (4,000)

At 31 December 2020

1,458,882 39,513 5,424,701

Depreciation

At 1 January 2020

269,126 32,753 3,989,931

Charge for year

17,578 1,014 343,546

Eliminated on disposal

- - -

At 31 December 2020

286,704 33,767 4,333,477

Net book value

At 31 December 2020

1,172,178 5,746 1,091,224

At 31 December 2019

1,189,756 6,760 1,330,628

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

13. **Tangible fixed assets - continued**

Group

	Fixtures and fittings £	Motor vehicles £	Totals £
Cost			
At 1 January 2020	178,379	1,317,977	8,315,310
Additions	5,729	187,495	301,366
Disposals	-	(7,500)	(11,500)
At 31 December 2020	<u>184,108</u>	<u>1,497,972</u>	<u>8,605,176</u>
Depreciation			
At 1 January 2020	151,750	537,267	4,980,827
Charge for year	6,906	206,104	575,148
Eliminated on disposal	-	(7,216)	(7,216)
At 31 December 2020	<u>158,656</u>	<u>736,155</u>	<u>5,548,759</u>
Net book value			
At 31 December 2020	<u>25,452</u>	<u>761,817</u>	<u>3,056,417</u>
At 31 December 2019	<u>26,629</u>	<u>780,710</u>	<u>3,334,483</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
Cost			
At 1 January 2020	835,170	884,455	1,719,625
Additions	-	124,995	124,995
At 31 December 2020	<u>835,170</u>	<u>1,009,450</u>	<u>1,844,620</u>
Depreciation			
At 1 January 2020	245,666	261,342	507,008
Charge for year	147,376	163,590	310,966
At 31 December 2020	<u>393,042</u>	<u>424,932</u>	<u>817,974</u>
Net book value			
At 31 December 2020	<u>442,128</u>	<u>584,518</u>	<u>1,026,646</u>
At 31 December 2019	<u>589,504</u>	<u>623,113</u>	<u>1,212,617</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

13. Tangible fixed assets - continued

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
Cost				
At 1 January 2020 and 31 December 2020	<u>1,458,882</u>	<u>296,597</u>	<u>862</u>	<u>1,756,341</u>
Depreciation				
At 1 January 2020	269,126	294,814	862	564,802
Charge for year	<u>17,578</u>	<u>446</u>	<u>-</u>	<u>18,024</u>
At 31 December 2020	<u>286,704</u>	<u>295,260</u>	<u>862</u>	<u>582,826</u>
Net book value				
At 31 December 2020	<u>1,172,178</u>	<u>1,337</u>	<u>-</u>	<u>1,173,515</u>
At 31 December 2019	<u>1,189,756</u>	<u>1,783</u>	<u>-</u>	<u>1,191,539</u>

14. Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 January 2020 and 31 December 2020	<u>80,399</u>
Net book value	
At 31 December 2020	<u>80,399</u>
At 31 December 2019	<u>80,399</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Premier Waste (UK) Plc

Registered office: 5-6 Greenfield Crescent, Edgbaston, Birmingham, B15 3BE

Nature of business: Waste Disposal

Class of shares:	%
Ordinary	holding 100.00

The shareholding is held directly.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

14. Fixed asset investments - continued

Premier Waste Management Services (UK) Plc

Registered office: 5-6 Greenfield Crescent, Edgbaston, Birmingham, B15 3BE

Nature of business: Waste Management Services

Class of shares:	%
Ordinary	holding 100.00

The shareholding is held directly.

Separate company financial statements are required to be prepared by law. Consolidated financial statements for the Premier Waste Group are prepared and publicly available at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Investments in subsidiary undertakings are stated at cost less any impairment.

15. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,913,963	2,255,447	31,593	11,503
Amounts owed by group undertakings	-	-	1,613,951	1,729,302
Other debtors	227,259	200,677	-	-
Prepayments and accrued income	122,327	104,770	-	-
	<u>2,263,549</u>	<u>2,560,894</u>	<u>1,645,544</u>	<u>1,740,805</u>
Amounts falling due after more than one year:				
Deferred tax asset	-	-	896	885
Aggregate amounts	<u>2,263,549</u>	<u>2,560,894</u>	<u>1,646,440</u>	<u>1,741,690</u>

16. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (see note 18)	5,000	-	-	-
Hire purchase contracts (see note 19)	345,200	365,459	-	-
Trade creditors	824,181	1,472,573	44	45,200
Amounts owed to group undertakings	-	-	536,729	533,729
Tax	110,902	293,839	55,646	97,939
Social security and other taxes	68,006	67,691	1,240	1,199
VAT	200,784	150,066	41,276	37,927
Other creditors	615,961	79,406	53,934	49,490
Directors' current accounts	3,547	12,895	3,547	12,895
Accruals and deferred income	253,935	176,295	32,616	14,002
Deferred government grants	20,315	27,086	-	-
	<u>2,447,831</u>	<u>2,645,310</u>	<u>725,032</u>	<u>792,381</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

17. Creditors: amounts falling due after more than one year

	Group	
	2020	2019
	£	£
Bank loans (see note 18)	45,000	-
Hire purchase contracts (see note 19)	390,372	635,859
Deferred government grants	60,946	81,261
	<u>496,318</u>	<u>717,120</u>

18. Loans

An analysis of the maturity of loans is given below:

	Group	
	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>5,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>45,000</u>	<u>-</u>

A guarantee from the UK Government to Lloyds Bank Plc has been provided for the bank loan under the BBL Scheme. The loan attracts 2.5% interest and is due to be repaid by June 2026.

19. Leasing agreements

Minimum lease payments fall due as follows:

Group		Hire purchase contracts	
		2020	2019
		£	£
Net obligations repayable:			
Within one year		345,200	365,459
Between one and five years		390,372	635,859
		<u>735,572</u>	<u>1,001,318</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 to 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

20. Financial instruments

Group

The carrying amount of financial assets includes debt instruments measured at amortised cost totalling £2,141,222 (2019 £2,456,125).

The carrying amount of financial liabilities includes debt instruments measured at amortised cost totalling £2,229,261 (2019 £2,566,193).

Company

The carrying amount of financial assets includes debt instruments measured at amortised cost totalling £1,645,544 (2019 £1,740,805), and equity instruments measured at cost less impairment totalling £80,399 (2018 £80,399).

The carrying amount of financial liabilities includes debt instruments measured at amortised cost totalling £594,254 (2019 £641,314).

21. Provisions for liabilities

	Group	
	2020	2019
	£	£
Deferred tax	<u>220,767</u>	<u>136,202</u>
Group		
		Deferred tax
		£
Balance at 1 January 2020		136,202
Provided during year		84,565
Balance at 31 December 2020		<u>220,767</u>
Company		
		Deferred tax
		£
Balance at 1 January 2020		(885)
Provided during year		(11)
Balance at 31 December 2020		<u>(896)</u>

22. Called up share capital

Allotted, issued and fully paid:				
Number:	Class:	Nominal	2020	2019
		value:	£	£
150,000	Ordinary shares	£1	<u>150,000</u>	<u>150,000</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

23. Reserves

Group

	Retained earnings £
At 1 January 2020	5,419,364
Profit for the year	1,197,093
Dividends	<u>(135,000)</u>
At 31 December 2020	<u>6,481,457</u>

Company

	Retained earnings £
At 1 January 2020	2,131,089
Profit for the year	263,513
Dividends	<u>(135,000)</u>
At 31 December 2020	<u>2,259,602</u>

24. Pension commitments

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The charge to profit or loss in the period in respect of employer contributions is £31,847 (2019 £29,581).

25. Contingent liabilities

At the time of approval of the financial statements, the group and the company are responding to enquiries from HM Revenue and Customs into contributions made by the group and the company into a Creditor Remuneration Trust. HM Revenue and Customs have indicated their view that adjustments are required, but at this time it is impractical to give an accurate estimate of the financial effect of these adjustments. The directors are of the opinion that no provision should be recognised in the financial statements of the group or the company as they strongly believe that no transfer of funds or settlement of any obligation is probable.

26. Other financial commitments and guarantees

An inter-group unlimited multilateral guarantee dated 07 October 2013 exists in favour of HSBC Bank Plc. The directors are not aware of any potential liability arising from this security.

27. Government grants

Deferred income arising from government grants is included in the financial statements as follows:

		2020	2019
£	£		
Current liabilities		20,315	27,086
Non-current liabilities		<u>60,946</u>	<u>81,261</u>
		<u>81,261</u>	<u>108,347</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

28. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Key management personnel of the entity or its parent (in the aggregate)

	2020	2019
	£	£
Amount due to related party	<u>53,547</u>	<u>58,395</u>

Other related parties

	2020	2019
	£	£
Property rental payable	158,002	158,002
Amount due from related party	200,677	200,677
Amount due to related party	<u>561,639</u>	<u>161,321</u>

During the year, a total of key management personnel compensation of £ 132,961 (2019 - £ 127,172) was paid.

29. Ultimate controlling party

The ultimate controlling party is D Courtney.

30. Remuneration trust

The group made a contribution in the accounting period to a Remuneration Trust in the amount of £1,200,000 (2019 £1,800,000). The terms of the trust are set out in a trust deed executed by the group and the original trustees.

The company made a contribution in the accounting period to a Remuneration Trust in the amount of £200,000 (2019 £250,000). The terms of the trust are set out in a trust deed executed by the company and the original trustees.

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