**Eurokey Recycling Limited**

# Annual report and financial statements

Registered number 03089592

For the year ended 31 December 2022

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# Strategic report

### Business review and future developments

The directors are pleased to report that the company has experienced another successful period.

Eurokey has significantly developed its recycling processing capabilities in the UK in 2022, opening a brand-new automated plastic sortation facility in Kettering, Northamptonshire, capable of processing more than 70,000 tonnes a year.

Turnover increased to £65,227,142 (2021: £61,050,910) representing an increase of 6.8%. This increase was achieved through both an increase in volumes of recycled material sold during the year, as well as increases to average commodity prices in the market.

At the year end the company had net assets of £7,229,223 (2021: £12,177,451).

### Key performance indicators

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Turnover | **65,227,142** | 61,050,910 |
| EBITDA | **5,474,826** | 3,483,785 |
| Net assets | **7,229,223** | 12,177,451 |

EBITDA is stated as profit before interest, taxation, depreciation, amortisation.

The Directors also consider key performance indicators for the business to be turnover split between the geographical areas, as detailed in note 2, and believe the company is strongly positioned to meet the demands and challenges of the industry now and in the future. The company's future strategy is to increase its turnover in Europe and to become less reliant on turnover from Asia. Exports to Asia, fell from £14.9m to £6.5m during the year and the Company expects a further reduction in 2023.

Eurokey also monitors and acts upon on a number of non-financial key performance indicators across all areas of its operations, including customer service, supply chain, health and safety and compliance. The Company has long established non-conformance action plans to identify and address any issues that may arise.

### Principal risks and uncertainties

***Health and safety***

The waste recycling and management sector involves the extensive use of vehicles and heavy equipment. All such activities are subject to rigorous, ongoing audits and assessments. The Board and Management take Health and Safety very seriously and are focused on ensuring the highest possible level of safety at every site where the business operates or interacts.

***Funding position***

The Reconomy Group ("the Group") which Eurokey is a part of, has access to a £30 million revolving credit facility at competitive market terms through its bankers. The directors are confident that the funding position available to the Group is adequate to fund the ongoing operational and growth requirements.

The directors have prepared a budget extending to 31 December 2023 supplemented by forecasts for the period to 31 December 2024, and believe that, with the bank facilities in place and the ongoing support of the Group's major shareholders, the Company can continue to operate as a going concern for a period of at least twelve months from the date of the financial statements.

## Strategic report *(continued)*

**Principal risks and uncertainties** *(continued)*

**Financial risk management objectives and policies**

The main risks arising from the Company's operations are customer risk, credit risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Eurokey makes use of various financial instruments. These include working capital facilities, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finances for the Group's operations.

***Foreign operations risk***

As the company operates and trades in foreign territories and hence foreign currencies, the company is at risk from the effect of changes in exchange rates. Additionally, through operating within foreign territories, the company is at risk from the effects of changes in legislation and regulations in the various countries. Historically, the company had relied on the Asian markets specifically for the sale of commodities, however, the company has successfully sought to diversify its customer base into other territories.

***Commercial risk***

As the company operates and trades within commodities, the company is at risk from the sudden changes in the prices of both materials and Packaging Export Recovery Notes (PERNs). The company has been operating within the recycling and waste industry for over 25 years and uses its experience and knowledge of the marketplace to minimise the effect of these sudden movements. Additionally, the company has sought to reduce this risk through an increase in income related to the provision of services.

***Legislation risk***

The waste and recycling industry has come under increased scrutiny in recent times and this has led to changes in processes and legislation in both the United Kingdom but also around the world. The company has sought to mitigate this risk by creating an internal compliance team, whose main responsibilities are for keeping abreast of changes to regulations, site inspections and providing an internal audit on the movements of recyclable material. The Base convention came into effect from 1st January 2021, whereby all mixed loads of plastic leaving the UK will be notifiable. All members of the EU and the UK are party to this agreement and therefore Brexit has not had any significant effects on the movement of waste.

***Customer risk***

Eurokey enjoys a well-diversified client portfolio ranging from large multi-national companies to SMEs and hence carries no material exposure to any one client. The loss of a key client could impact financial performance, but the Directors believe that whilst such risks may occur from time to time in the future, the business model remains well placed to respond to and mitigate such risks.

***Credit risk***

Eurokey's principal financial assets are trade debtors. In order to manage credit risk, the directors ensure credit insurance is in place to cover all material customer credit risks. Customers' credit limits are obtained from the credit insurer and are continually reviewed by the credit control team in conjunction with debt ageing and collection history.

***Liquidity risk***

The Group seeks to manage financial risk by analysing short and medium term cashflow requirements to ensure sufficient liquidity is available to meet foreseeable needs. Additionally, short term flexibility is achieved through a £30m group revolving credit facility.

***Interest rate risk***

During 2022, the Group continued to maintain a variable rate banking facility at competitive market terms.

**Employees**

The Group is an equal opportunity employer with a clear emphasis given to non-discrimination and non-harassment on the basis of ethnic origin, religion, gender, age, disability and sexual orientation. The Group gives disabled people the same consideration as other individuals. Matters which affect the Group are communicated to employees through formal and informal meetings, internal announcements and regular contact with directors and senior management.

## Strategic report *(continued)*

**Statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006**

The board of Eurokey Recycling Limited, individually and collectively, consider the interests of their stakeholders as an ongoing priority. We are committed to, and actively encourage, long-term relationships and communication with our stakeholders to maximise the value of our company and its continued success.

During the year we have updated and implemented policies, systems and procedures in line with our responsibilities to our stakeholders.

***Employees***

We recognise our dedicated workforce as our biggest asset and key to our success. All employees are offered fair benefits reflective of their role within the organisation. We launched a third-party employee support line offering advice on personal wellbeing and financial matters. During the year all colleagues were involved in a successful group engagement scheme to enable them to share their views and voice their feedback on all company matters. We are committed to promoting the awareness of mental health with and for our employees.

***Customers***

We recognise customer loyalty as invaluable and strive to build solid long-term relationships. We strive to deliver excellent customer service every time and seek innovative solutions to support this. We take pride in learning from our customer feedback.

***Suppliers and Partners***

We recognise and value the huge role our suppliers and business partners play in our success. We therefore take time to build rapport, working closely with them to maximise value where possible, and in turn supporting the needs of our customers.

***Communities***

We are at the heart of our communities and recognise our responsibility to be good, supportive and engaged neighbours. Our ethos is to build strong relationships with our local communities, from neighbouring businesses to community groups which we deliver through the Reconomy Social Value Program ("RSVP").

***Regulators and Local Government***

Developing and sustaining good relationships with the many regulators who govern our business is central to our success. We are committed to adherence to our legal and regulatory requirements. We train our employees using an in-house platform and face-to-face sessions accordingly, to ensure they are both educated and accountable in their role.

## Strategic report *(continued)*

### Streamlined Energy and Carbon Report

Eurokey have continued to utilise carbon friendly practices such as the use of virtual meeting platforms and flexible working over 2022. The company has also invested in EV charging points and changing our electricity contracts to specify renewables. Additionally, the state-of-the-art sortation facility in Kettering opened in July 2022, this has led to both reduced business travel, and movement of material to Poland, leading to a significant fall in transport fuels relative to comparative years. There was an increase in the consumption of electricity in the period, due to both the opening of the new facility, as well as the usage of EV charging points as the fleet transition to hybrid or fully electric.

***Methodology used***

The Greenhouse Gas Reporting Protocol was used and the guidance on setting boundaries and selecting relevant scope emissions was followed. We have included data and information collected through our 2018 ESOS assessment and our overall Reconomy Group sustainability strategy. The Carbon footprint data below has been 3rd party verified by Achilles and certified to ISO14064.

***GHG Emissions and energy use 2022***

| | 2022 | 2021 |
|---|---|---|
| Energy consumption used to calculate emissions (kWh) | 132,134.31 | 293,458.32 |
| Gas (kWh) | 34,721.41 | 45,919.01 |
| Electricity (kWh) | 35,077.79 | 30,627.10 |
| Transport fuels (kWh) | 62,335.11 | 216,912.21 |
| Emissions from combustion of gas $tCO_2e$ (Scope 1) | 6.35 | 8.41 |
| Emissions from combustion of fuel for transport purposes $tCO_2e$ (Scope 1) | 15.30 | 53.66 |
| Emissions from purchased electricity $tCO_2e$ (Scope 2, location-based) | 6.95 | 6.50 |
| Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing of the fuel $tCO_2e$ (Scope 3) | N/A | N/A |
| **Total gross emissions $tCO_2e$ based on the above** | **28.60** | **68.57** |

***Intensity matrix***

Eurokey Recycling Limited has used the standard business metric using turnover to demonstrate how we are decoupling our carbon emissions from our economic growth - a key principle of decarbonising the economy.

Eurokey Recycling Turnover 2022
28.60 / £65.23m = 0.44

Eurokey Recycling Turnover 2021
68.57 / £61.05m = 1.12

From 2021 to 2022, Eurokey Recycling Limited reduced the intensity of our carbon emissions by 60.71%.

By order of the board

Sullivan

**J Sullivan**
*Director*

15 November 2023

## Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2022.

**Principal activities**

The principal activity of the Company continues to be the recovery of sorted materials.

**Dividends**

Interim dividends totalling £7,856,742 were paid during the year *(2021: £43,350)*. The directors do not recommend the payment of a final dividend for the year ended 31 December 2022 *(2021: £nil)*.

**Directors**

The directors who held office during the year and to the date of this report were as follows:

H Dhillon
P Cox
J Sullivan
G Wakeley (Appointed 21 February 2023)

The directors and officers were insured by third party indemnity insurance during the period.

**Political and charitable contributions**

Charitable donations are made by the Company towards local and national charities of various natures. There were no political donations made by the Company in either year.

**Going concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for the consolidated financial statements of OS Phoenix Midco Limited (Group), of which this entity is a subsidiary, for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic uncertainties. This indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The OS Phoenix Midco Limited Group is funded through a combination of Shareholders' Funds, Secured term loans, Unsecured loan notes, Intercompany balances and cash generated through operating profits. The Directors are satisfied that the maturity of these financing arrangements is sufficiently long term and there is not an immediate requirement to refinance or review the capital structure at this time. Whilst the UK's economic outlook remains uncertain, the Directors have considered the impact to the Group of a severe but plausible downside scenario which reduces revenue and increases overhead coof a severe but plausible downside scenario which reduces revenue and increases overhead cost inflation and interest rates and still forecasts cash to meet liabilities as they fall due and its compliance with the Secured term loan debt covenants.

Furthermore, Eurokey Recycling Limited's intermediate parent, OS Phoenix Midco Limited, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements.

As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taking the above into consideration, the Directors believe that there are no material uncertainties to the Company's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Directors' report *(continued)*

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

JSullivan

**J Sullivan**
*Director*

Kelsall House
Stafford Court
Stafford Park 1
Telford
Shropshire
TF3 3BD

15 November 2023

## Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## Independent auditor's report to the members of Eurokey Recycling Limited

**Opinion**

We have audited the financial statements of Eurokey Recycling Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changed in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries;
- the risk that revenue from the recovery of sorted materials is recognised in the wrong period.

We did not identify any additional fraud risks.

## Independent auditor's report to the members of Eurokey Recycling Limited *(continued)*

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Testing a risk based sample of revenue transactions by reviewing supporting documentation to assess whether revenue has been recognised in the correct period.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and others management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## Independent auditor's report to the members of Eurokey Recycling Limited *(continued)*

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**The purpose of our audit work and to whom we owe our responsibilities**

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

**John Leech (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
*Chartered Accountants*
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
15 November 2023

# Profit and loss account
*for the year ended 31 December 2022*

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | £ | £ |
| **Turnover** | 2 | **65,227,142** | 61,050,910 |
| Cost of sales | | **(54,356,366)** | (53,512,490) |
| **Gross profit** | | **10,870,776** | 7,538,420 |
| Administrative expenses | 3 | **(6,311,294)** | (4,372,252) |
| **Operating profit** | | **4,559,482** | 3,166,168 |
| **Operating profit before amortisation and depreciation, and non-underlying restructuring costs ("EBITDA")** | | **5,474,826** | 3,483,785 |
| Depreciation | 3 | **(359,325)** | (317,617) |
| Non-underlying costs | 3 | **(556,019)** | - |
| **Operating profit** | | **4,559,482** | 3,166,168 |
| Interest receivable and similar income | 6 | **593** | 1,220 |
| Interest payable and similar charges | 7 | **(235,146)** | (152,716) |
| **Profit before taxation** | | **4,324,929** | 3,014,672 |
| Taxation | 8 | **(1,416,415)** | (910,729) |
| **Profit for the financial year** | | **2,908,514** | 2,103,943 |

All results are from continuing operations.

There was no other comprehensive income in the current or preceding year. Comprehensive income comprises the profit for the current and preceding year.

The notes on pages 14 to 24 form part of these financial statements.

# Balance sheet
***at 31 December 2022***

| | Notes | 2022 £000 | 2022 £000 | 2021 £000 | 2021 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 9 | | **14,681,808** | | 10,251,348 |
| **Current assets** | | | | | |
| Stock | 10 | **623,846** | | 1,369,441 | |
| Debtors | 11 | **13,197,383** | | 12,459,507 | |
| Cash at bank and in hand | | **1,369,377** | | 6,067,752 | |
| | | **15,190,606** | | 19,896,700 | |
| **Creditors**: amounts falling due within one year | 12 | **(20,859,255)** | | (17,881,885) | |
| **Net current (liabilities)/assets** | | | **(5,668,649)** | | 2,014,815 |
| **Total assets less current liabilities** | | | **9,013,159** | | 12,266,163 |
| **Creditors:** amounts falling due after more than one year | 13 | | **(199,865)** | | - |
| **Provisions for liabilities** | | | | | |
| Deferred taxation | 14 | | **(1,584,071)** | | (88,712) |
| **Net assets** | | | **7,229,223** | | 12,177,451 |
| **Capital and reserves** | | | | | |
| Share capital | 15 | | **50,049** | | 50,049 |
| Profit and loss account | | | **7,179,174** | | 12,127,402 |
| **Shareholders' funds** | | | **7,229,223** | | 12,177,451 |

The notes on pages 14 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 15 November 2023 and were signed on its behalf by:

JSullivan

**J Sullivan**
*Director*

Company registered number: 03089592

## Statement of changes in equity

| | Notes | Share capital | Profit and loss account | Total equity |
|---|---|---|---|---|
| | | £ | £000 | £000 |
| Balance at 1 January 2021 | | 50,049 | 10,066,809 | 10,116,858 |
| **Total comprehensive income for the period** | | | | |
| Profit for the year | | - | 2,103,943 | 2,103,943 |
| Dividends | | - | (43,350) | (43,350) |
| **Balance at 31 December 2021** | | 50,049 | 12,127,402 | 12,177,451 |
| | | | | |
| Balance at 1 January 2022 | | **50,049** | **12,127,402** | **12,177,451** |
| **Total comprehensive income for the period** | | | | |
| Profit for the year | | - | **2,908,514** | **2,908,514** |
| Dividends | | - | **(7,856,742)** | **(7,856,742)** |
| **Balance at 31 December 2022** | | **50,049** | 7,179,174 | 7,229,223 |

The notes on pages 14 to 24 form part of these financial statements.

## Notes

***(forming part of the financial statements)***

### 1 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements:

#### *1.1 Company information*

Eurokey Recycling Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 03089592 and the registered address is Kelsall House, Stafford Court, Stafford Park 1, Telford, Shropshire TF3 3BD.

#### *1.2 Basis of preparation*

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) and with the requirements of the Companies Act 2006. The presentation currency of these financial statements is sterling.

The largest group in which the results of the Company are consolidated is that headed by OS Phoenix Midco Limited. The consolidated financial statements of OS Phoenix Midco Limited are available to the public and may be obtained from Companies House. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of OS Phoenix Midco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The financial statements are prepared on the historical cost basis.

#### *1.3 Accounting estimates and judgements*

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The directors consider the useful economic life of the Company's plant and machinery held to be the only key source of estimation uncertainty impacting the carrying value of the tangible fixed assets. The directors do not consider that there have been any key assumptions made concerning critical accounting judgements made at the balance sheet date which may cause material adjustment to the carrying value of assets or liabilities within the next financial period, other than as disclosed in these financial statements.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations are translated to the company's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

## Notes *(continued)*

### 1 Accounting policies *(continued)*

#### *1.5 Going concern*

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for the consolidated financial statements of OS Phoenix Midco Limited (Group), of which this entity is a subsidiary, for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic uncertainties. This indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The OS Phoenix Midco Limited Group is funded through a combination of Shareholders' Funds, Secured term loans, Unsecured loan notes, Intercompany balances and cash generated through operating profits. The Directors are satisfied that the maturity of these financing arrangements is sufficiently long term and there is not an immediate requirement to refinance or review the capital structure at this time. Whilst the UK's economic outlook remains uncertain, the Directors have considered the impact to the Group of a severe but plausible downside scenario which reduces revenue and increases overhead coof a severe but plausible downside scenario which reduces revenue and increases overhead cost inflation and interest rates and still forecasts cash to meet liabilities as they fall due and its compliance with the Secured term loan debt covenants.

Furthermore, Eurokey Recycling Limited's intermediate parent, OS Phoenix Midco Limited, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements.

As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taking the above into consideration, the Directors believe that there are no material uncertainties to the Company's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### *1.6 Related party transactions*

As the whole of the Company's voting rights are controlled within the group headed by OS Phoenix Midco Limited, the Company has taken advantage of the exemption contained in FRS 102 and has, therefore, not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of OS Phoenix Midco Limited, within which this Company is included, can be obtained from Companies House.

#### *1.7 Classification of financial instruments issued by the company*

Following the adoption of FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes *(continued)*

### 1 Accounting policies *(continued)*

### *1.8 Basic financial instruments*

*Trade and other debtors creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

### *1.9 Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

| | |
|---|---|
| Freehold improvements | - 40 years |
| Leasehold improvements | - 5 years straight line, or shorter of the remaining lease life |
| Plant and machinery | - 5 to 10 years straight line |
| Motor vehicles | - 4 years straight line |
| Fixtures and fittings | - 5 to 10 years straight line |
| Computer equipment | - 3 years straight line |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

### *1.10 Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. For manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Stocks are recognised as an expense in the period which the related revenue is recognised.

## Notes *(continued)*

**1 Accounting policies** *(continued)*

***1.11 Impairment***

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

***1.12 Turnover***

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax, returns, rebates and trade discounts.

Revenue from services provided by the Company is recognised when the Company has performed its obligations and in exchange obtained the right to consideration. Revenue from the sale of goods is recognised when the significant risks and reward of ownership have been transferred to the buyer, the company retains no continuing involvement or control over the goods, the amount of revenue can be measured reliably, and it is probable that future economic benefits will flow to the entity. This is usually on despatch of goods to the customer.

***1.13 Expenses***

*Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

*Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Interest payable*

Interest payable and similar charges represents bank interest payable and interest on finance leases recognised in profit or loss using the effective interest method.

***1.14 Employee benefits***

*Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes *(continued)*

### 1 Accounting policies *(continued)*

***1.15 Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Analysis of turnover

The whole of turnover is attributable to the principal activity of the company, being the recovery of sorted materials.

An analysis of turnover by geographical market is given below:

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| United Kingdom | **24,046,507** | 17,801,048 |
| Europe | **34,728,526** | 28,362,943 |
| Rest of world | **6,452,109** | 14,886,919 |
| | **65,227,142** | 61,050,910 |

### 3 Expenses and auditor's remuneration

| *Included in profit loss are the following:* | **2022** **£** | 2021 £ |
|---|---|---|
| Depreciation of tangible fixed assets | **339,226** | 317,617 |
| Depreciation of leased fixed assets | **20,099** | - |
| Loss on disposal of fixed assets | **202,695** | 7,907 |
| Impairment loss on trade debtors | **256,316** | 140,466 |
| Operating lease rentals - Plant and machinery | **151,461** | 11,756 |
| Operating lease rentals - Other operating leases | **564,580** | 401,427 |
| Non-underlying costs | **556,019** | - |
| Auditor's remuneration for the audit of these financial statements | **63,500** | 60,000 |

Non-underlying costs relate to closure costs incurred at the Zielona Gora warehouse in Poland and set-up costs associated with the new Kettering site.

# Notes *(continued)*

## 4 Staff numbers and costs

The average monthly number of employees, including directors, during the year was as follows:

| | Number of employees | |
|---|---|---|
| | **2022** | 2021 |
| Management | **4** | 4 |
| Administration | **29** | 31 |
| Operations | **32** | 40 |
| | **65** | 75 |

Staff costs, including directors' remuneration, were as follows:

| | **£** | £ |
|---|---|---|
| Wages and salaries | **1,931,118** | 1,528,041 |
| Social security costs | **299,270** | 218,390 |
| Other pension costs | **23,018** | 15,535 |
| | **2,253,406** | 1,761,966 |

## 5 Directors' remuneration

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Directors' emoluments | **151,321** | 127,134 |
| Company contributions to defined contribution pension schemes | **3,522** | 1,334 |
| | **154,843** | 128,468 |

During the year retirement benefits were accruing to 1 directors *(2021: 1)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,321 *(2021: £123,078)*. The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,522 *(2021: £1,226)*.

## 6 Other interest receivable and similar income

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Bank interest receivable | **593** | 1,220 |

## 7 Interest payable and similar charges

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Bank interest | **410** | 19,591 |
| Other interest payable | **63,213** | 18,819 |
| Interest payable on finance leases | **142,827** | 1,316 |
| Net foreign exchange losses | **28,696** | 112,990 |
| | **235,146** | 152,716 |

## Notes *(continued)*

### 8 Taxation

*Total tax expense recognised in the profit and loss account, other comprehensive income and equity*

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| *UK corporation tax* | | |
| Current tax on income for the period | **18,308** | 116,614 |
| Adjustments in respect of prior periods | **(120,542)** | 240,460 |
| Foreign tax | **23,290** | 583,954 |
| Total current tax | **(78,944)** | 941,028 |
| *Deferred tax* | | |
| Origination and reversal of timing differences | **832,419** | (35,955) |
| Adjustments in respect of prior periods | **662,940** | (24,264) |
| Effect of tax rate change | **-** | 29,920 |
| Total deferred tax *(see note 14)* | **1,495,359** | (30,299) |
| Total tax | **1,416,415** | 910,729 |

*Factors affecting the tax charge for the current period*

The tax charge for the period is higher *(2021: higher)* than the standard rate of corporation tax in the UK of 19% *(2021: 19%)*. The differences are explained below:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| *Reconciliation of effective tax rate* | | |
| Profit on ordinary activities before tax | **4,324,929** | 3,014,672 |
| Tax using the UK corporation tax rate of 19% *(2021 19%)* | **821,736** | 572,788 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | **68,451** | 56,641 |
| Depreciation in excess of capital allowances | **(212,201)** | 13,465 |
| Adjustments in respect of prior periods | **542,398** | 216,196 |
| Transfer pricing adjustments | **(33,450)** | 16,001 |
| Other tax adjustments | **6,410** | 14,347 |
| Effect of change in tax rate | **199,781** | 21,291 |
| Adjustments for foreign tax | **23,290** | - |
| Total tax charge included in profit or loss | **1,416,415** | 910,729 |

*Factors that may affect future current and total tax charges*

In the 3 March 2022 Budget, it was announced that the UK tax rate will increase from 19% to 25% from 1 April 2023. The deferred tax liability at 31 December 2022 has been calculated at 25% (2021: 25%).

## Notes *(continued)*

### 9 Tangible fixed assets

| | Land & Freehold buildings £ | Leasehold improvements £ | Plant and machinery £ | Motor vehicles £ | Fixture and fittings £ | Computer Equipment £ | Assets under construction £ | Total £ |
|---|---|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | | | |
| At beginning of year | 3,208,507 | 344,429 | 2,066,879 | 347,242 | 181,370 | - | 6,228,421 | 12,376,848 |
| Reclassifications | - | - | 163,339 | (170,789) | (44,724) | 52,174 | - | - |
| Additions | - | 878,229 | 497,295 | 1,249 | 110,535 | 84,678 | 3,627,755 | 5,199,741 |
| Transfers | - | 1,112,564 | 8,743,612 | - | - | - | (9,856,176) | - |
| Disposals | - | (409,036) | (136,980) | (35,719) | (31,570) | (1,043) | - | (614,348) |
| At end of year | 3,208,507 | 1,926,186 | 11,334,145 | 141,983 | 215,611 | 135,809 | - | 16,962,241 |
| ***Depreciation*** | | | | | | | | |
| At beginning of year | 35,701 | 76,398 | 1,690,978 | 173,575 | 148,848 | - | - | 2,125,500 |
| Reclassifications | | - | 68,102 | (73,874) | (45,397) | 51,169 | - | - |
| Charge for year | 71,656 | 102,189 | 128,168 | 27,865 | 15,928 | 13,519 | - | 359,325 |
| Disposals | - | (53,985) | (89,642) | (35,124) | (24,598) | (1,043) | - | (204,392) |
| At end of year | 107,357 | 124,602 | 1,797,606 | 92,442 | 94,781 | 63,645 | - | 2,280,433 |
| ***Net book value*** | | | | | | | | |
| **At 31 December 2022** | **3,101,150** | **1,801,584** | **9,536,539** | **49,541** | **120,830** | **72,164** | **-** | **14,681,808** |
| At 31 December 2021 | 3,172,806 | 268,031 | 375,901 | 173,667 | 32,522 | - | 6,228,421 | 10,251,348 |

Included within the net book value of tangible fixed assets is £366,706 *(2021: £Nil)* in respect of assets held under finance leases, with depreciation charged of £20,099 in the year *(2021: £Nil)*.

Assets held under construction relates to the Kettering sortation facility which was completed in July 2022.

### 10 Stock

| | **2022** £ | 2021 £ |
|---|---|---|
| Stock | **623,846** | 1,369,441 |

Movements in consumables are recognised within cost of sales. There is no material difference between the balance sheet value of stocks and their replacement cost.

### 11 Debtors

| | **2022** £ | 2021 £ |
|---|---|---|
| Trade debtors | **6,135,222** | 4,804,807 |
| Amounts owed by group undertakings | **-** | 3,262,905 |
| Other debtors | **282,714** | 350,831 |
| VAT recoverable | **1,000,927** | 1,220,755 |
| Corporation tax recoverable | **901,494** | - |
| Prepayments and accrued income | **4,877,026** | 2,820,209 |
| | **13,197,383** | 12,459,507 |

All amounts owed by group undertakings are interest free and repayable on demand.

## Notes *(continued)*

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

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Trade creditors | **10,136,491** | 14,951,976 |
| Amounts owed to group undertakings | **2,605,512** | - |
| Corporation tax | **-** | 413,817 |
| Other taxation and social security | **65,610** | 66,212 |
| *Other creditors* | **212,722** | 446,671 |
| Obligations under finance lease agreements (see note 13) | **105,413** | - |
| Other borrowings | **4,585,831** | - |
| Accruals and deferred income | **3,147,676** | 2,003,209 |
| | **20,859,255** | 17,881,885 |

Other borrowings relate to a 'Pre-inception loan drawdown' in respect of the Kettering recycling plant, which upon finalisation will become a formal finance lease agreement. This loan balance attracts interest at 3.25% and before being converted into a finance lease post year-end, was repayable within 3 months.

All amounts owed to group undertakings are interest free and repayable on demand.

### 13 Creditors: *amounts falling due after more than one year*

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Obligations under finance lease agreements | **199,865** | - |

| Finance leases are repayable as follows: | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Minimum lease payments** | | |
| Within one year | **132,916** | - |
| Between one and five years | **201,228** | - |
| | **334,204** | - |
| Less: future finance charges | **(28,926)** | - |
| Present value of lease obligations | **305,278** | - |
| **Present value of minimum lease payments** | | |
| Within one year | **105,413** | - |
| Between one and five years | **199,865** | - |
| Present value of lease obligation | **305,278** | - |

## Notes *(continued)*

### 14 Deferred taxation

| | Deferred tax liability £ |
|---|---|
| At beginning of year | 88,712 |
| Deferred tax credit in the profit and loss account | 1,495,359 |
| **At end of year** | **1,584,071** |

The deferred taxation liability balance is made up as follows:

| | **2022 £** | 2021 £ |
|---|---|---|
| Fixed asset timing differences | **1,842,257** | 88,979 |
| Other timing differences | **(567)** | (267) |
| Losses and other deductions | **(257,619)** | - |
| | **1,584,071** | 88,712 |

### 15 Share capital

| | **2022 £** | 2021 £ |
|---|---|---|
| ***Allotted, called up and fully paid*** | | |
| 50,049 ordinary shares of £1 each *(2021: 50,049 ordinary shares of £1 each)* | **50,049** | 50,049 |

### 16 Pension commitments

The Company operates a defined contributions pension scheme for employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. There were outstanding pension contributions of £5,982 *(2021: £2,777)* at the year end.

### 17 Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £471,796 *(2021: £4,810,427)*

### 18 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

| | **2022 £** | 2021 £ |
|---|---|---|
| Less than one year | **433,269** | 450,187 |
| Between one and five years | **1,656,367** | 1,574,568 |
| Over five years | **2,205,474** | 2,599,116 |
| | **4,295,110** | 4,623,871 |

## Notes *(continued)*

### 19 Directors' advances, credits, and guarantees

The following advances and credits to Directors subsisted as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Balance outstanding at the start of the year | - | 2,231,552 |
| Amounts advanced | - | 1,625 |
| Amounts repaid | - | (2,233,177) |
| Balance outstanding at the end of the year | - | - |

The loans were interest free and carried no fixed repayment terms. The balance was fully repaid on the 19 March 2021 as part of the acquisition of the Company by Reconomy (UK) Limited.

### 20 Related party disclosures

The company has taken advantage of the exemption available under FRS102 not to disclosure transactions with entities included in the group financial statements of OS Phoenix Midco Limited. During the period, transactions took place between Eurokey Recycling Limited and the related parties of companies with a common director.

Note, all transactions, with the exception of the operating lease with HD Property Developments Limited, have ceased since the acquisition by Reconomy (UK) Limited.

**Envirovert Limited** *(H Dhillon a Director, resigned 15 March 2021)*

During the period the company made sales to Envirovert Limited amounting to £640,250 (*2021: £263*) and made purchases amounting to £6,860 (2021: £32,868). The balance due to Envirovert Limited at the balance sheet date was £nil (*2021: £nil*), the balance due from Envirovert Limited at the balance sheet date was £67,500 (*2021: £nil*).

**Smart Comply Limited** *(H Dhillon a Director, resigned 15 March 2021)*

During the period the company made sales to Smart Comply Limited amounting to £nil (2021: £Nil) and made purchases amounting to £nil (*2021: £33,343*). The balance due from Smart Comply Limited at the balance sheet date was £nil (*2021: £nil*).

**HD Property Developments Limited** *(H Dhillon a Director)*

During the period the company made purchases from HD Property Developments Limited amounting to £79,098 (2021: £82,595). The balance due from HD Property Developments Limited at the balance sheet date was £2,328 (*2021: £nil*).

**JHJ Aviation Limited** *(H Dhillon a Shareholder)*

During the period the company made purchases from JHJ Aviation Limited amounting to £nil (*2021: £35,450*). The balance due from JHJ Aviation Limited at the balance sheet date was £nil (*2021: £nil*).

**Recoverypak Limited, JHJ Racing Team Limited, & Global Rewards Inc. Ltd** *(H Dhillon a Director)*

No transactions with these entities during the current or prior periods.

The directors are considered to be the only key management personnel, directors' remuneration is disclosed in note 5.

### 21 Ultimate parent company and ultimate controlling party

The Company is a subsidiary undertaking of Eurokey Holdings Limited.

At the balance sheet date, OS Phoenix Midco Limited is the parent undertaking of the largest group for which group financial statements have been prepared. These consolidated financial statements are available from Companies House.

The ultimate parent undertaking is OS Phoenix Topco Limited (registered in Jersey at 11-15 Seaton Place, St Helier, Jersey JE4 0QH) and the ultimate controlling party at the balance sheet date was EMK Capital LLP (registered at Lex House 2nd Floor, 17 Connaught Place, London, W2 2ES).