REGISTERED NUMBER: 00009433

Smailes Goldie Group
CREATING ADVANTAGE

Registrar's Copy

Singleton Birch Limited

Consolidated Financial Statements

31st March 2019

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Singleton Birch Limited (Registered number: 00009433)

Contents of the Consolidated Financial Statements for the year ended 31st March 2019

Singleton Birch Limited

Company Information
for the year ended 31st March 2019

DIRECTORS:	S R Counsell S W Foster M J Gardiner M D Haworth R M Stansfield E P Tatterton
SECRETARY:	E P Tatterton
REGISTERED OFFICE:	Melton Ross Quarries Barnetby North Lincolnshire DN38 6AE
REGISTERED NUMBER:	00009433 (England and Wales)
AUDITORS:	Smailes Goldie Chartered Accountants Statutory Auditor Regent's Court Princess Street Hull East Yorkshire HU2 8BA
BANKERS:	Handelsbanken Unit 7, Europa Park Appian Way Grimsby NE Lincolnshire DN31 2UT
SOLICITORS:	Walker Morris Kings Court 12 King Street Leeds LS1 2HL

Singleton Birch Limited (Registered number: 00009433

Group Strategic Report
for the year ended 31st March 2019

The directors present their strategic report of the company and the group for the year ended 31st March 2019.

FINANCIAL HIGHLIGHTS

	2019 £'000	2018 £'000
Sales	48,418	44,448
Operating profit	5,472	5,070
Profit before tax	5,027	5,631
Profit after tax	4,235	4,700
Dividends paid	1,131	1,030
Capital expenditure	7,801	6,958

REVIEW OF BUSINESS

Sales turnover for the group increased by 8.2% to £48.42m and operating profit grew by 7.9% to £5.47m (2018: £5.07m). The profit before tax for 2018 included an exceptional provision release of £1m for Camp Wood Landfill therefore the underlying profit before tax of the group increased from by 8.6% to £5.03m (2018: £4.63m without exceptional item).

To ensure our diversification strategy continues to gain momentum, changes were made to the business and management structures. These took effect from 1st April 2018 creating new divisions within the group:

Birch Lime

The lime business has performed strongly in the Water and Energy from Waste sectors where our enhanced service provision differentiates us from our competitors. Sales to the steel sector were strong but underlying problems with global steel prices and raw material costs have started to affect the sector.

Birch Waste

The landfill business performed well and the new planning permission has extended the life of the site by over 20 years. Rigorous cost reduction measures have enabled the operation to remain competitive. The construction of a hazardous treatment plant is on hold whilst the landfill tax status of the output material is determined.

Birch Energy

Our three anaerobic digestion plants continue to perform well and are making a significant profit contribution. We are looking to attain a government grant to construct a further plant at Melton Ross to produce Bio-methane Fuel for vehicles. We have acquired a 25% stake in Rika Biogas Technologies Limited, a developer of engineering solutions for the biogas industry.

Birch Solutions

We acquired the remaining 24.9% stake in the UK service arm of our German technology provider, PlanET Biogas. We also acquired Minsterport, a provider of silo weighing systems and remote monitoring website technology. These acquisitions, together with our existing technical services capability in project and technical consulting services should provide significant future growth opportunities in this sector.

Birch Chemicals

Sales turnover of Birch Chemicals, which supplies specialist lime powders world-wide to the rubber and plastics industries, grew by 57% in the financial year though sales had started to slow in the last quarter due to a decline in production levels in the automotive sector and customer uncertainties due to Brexit.

Capital expenditure in the year was £7.8 million, ensuring that the asset base remains sound and included the construction of a new landfill cell, upgrading of quarry plant, the rebuilding of a kiln, enhanced emission abatement equipment and a new laboratory. Capital expenditure of around £8m is anticipated in 2019/20 which is spread across the different divisions.

The Board's strategy of capital investment, diversification of customers, products and services together with the development of new markets continues to be effective and has recently been validated given the uncertainty around the future of British Steel. While British Steel's business has significantly reduced as a percentage of total revenues it is still the group's major customer and closure would significantly affect profitability in the short to medium term.

It is proposed that a final dividend of £1.40 per share be payable on the 17th July 2019 giving a total dividend for 2018/19 of £2.10 per share (2017/18: £2.00 per share)

Singleton Birch Limited (Registered number: 00009433

Group Strategic Report
for the year ended 31st March 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The possible closure of British Steel is a key business risk to the group. However, the success of the Board's diversification strategy in recent years has substantially moderated the impact of such an event.

Quarrying and lime production are high risk activities in relation to health and safety and environmental impact and the directors have established robust risk management systems to mitigate these risks and ensure legal compliance. The Company has obtained the Occupational Health and Safety Standard BS OHSAS 18001 and the Environmental Management Standard ISO 14001 which require audit by external accredited bodies. The Company has won a number of major awards over recent years from its trade body, the Mineral Products Association, for continued excellence in health and safety performance.

APPROVAL
The Strategic report was approved by the Board on 19 June 2019 and signed on its behalf by

S R Counsell - Chairman

19th June 2019

Singleton Birch Limited (Registered number: 00009433

Report of the Directors
for the year ended 31st March 2019

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2019.

PRINCIPAL ACTIVITIES
The principal activities of the group in the year under review were those of quarrying, the manufacture, sale and distribution of lime products, landfill operations, energy generation, maintenance of biogas, biosolids and other plants, the sale and maintenance of electronic weighing equipment and remote monitoring website technology.

DIVIDENDS
The directors recommend the payment of a final dividend of £772,897 (140p per share) (2018 £745,293, 135p per share).

Interim dividends were paid during the year totalling £386,448 (70p per share) (2018 £352,304, 65p per share).

DIRECTORS
The directors shown below have held office during the whole of the period from 1st April 2018 to the date of this report.

S R Counsell
S W Foster
M J Gardiner
M D Haworth
R M Stansfield
E P Tatterton

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), including Financial Reporting Standard 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 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, Smailes Goldie, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

S R Counsell - Chairman

19th June 2019

Report of the Independent Auditors to the Members of Singleton Birch Limited

Opinion
We have audited the financial statements of Singleton Birch Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st March 2019 which comprise the Consolidated Income Statement, Consolidated Other 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 31st March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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.

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.

Report of the Independent Auditors to the Members of Singleton Birch Limited

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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.

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.

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.

Nicola Shipley FCA (Senior Statutory Auditor)
for and on behalf of Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

19th June 2019

Singleton Birch Limited (Registered number: 00009433

Consolidated Income Statement
for the year ended 31st March 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
TURNOVER	3		**48,418**		44,448
Cost of sales			**34,362**		32,237
GROSS PROFIT			**14,056**		12,211
Administrative expenses			**8,586**		7,144
			5,470		5,067
Other operating income			**2**		3
OPERATING PROFIT	6		**5,472**		5,070
Exceptional items	7		**-**		1,007
			5,472		6,077
Interest receivable and similar income			**93**		95
			5,565		6,172
Interest payable and similar expenses	8	**498**		485	
Other finance costs	28	**40**		56	
			538		541
PROFIT BEFORE TAXATION			**5,027**		5,631
Tax on profit	9		**792**		931
PROFIT FOR THE FINANCIAL YEAR			**4,235**		4,700
Profit attributable to:					
Owners of the parent			**4,300**		4,711
Non-controlling interests			**(65)**		(11)
			4,235		4,700

The notes form part of these financial statements

Singleton Birch Limited (Registered number: 00009433

Consolidated Other Comprehensive Income
for the year ended 31st March 2019

	Notes	2019 £'000	2018 £'000
PROFIT FOR THE YEAR		**4,235**	4,700
OTHER COMPREHENSIVE INCOME			
Actuarial movements		**(122)**	137
Income tax relating to other comprehensive income		**21**	(23)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**(101)**	114
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,134**	4,814
Total comprehensive income attributable to:			
Owners of the parent		**4,199**	4,825
Non-controlling interests		**(65)**	(11)
		4,134	4,814

Singleton Birch Limited (Registered number: 00009433)

Consolidated Balance Sheet
31st March 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
FIXED ASSETS					
Intangible assets	12		**894**		2,718
Tangible assets	13		**34,714**		31,544
Investments	14		**11**		11
			35,619		34,273
CURRENT ASSETS					
Stocks	15	**4,012**		3,984	
Debtors: amounts falling due within one year	16	**11,686**		11,170	
Debtors: amounts falling due after more than one year	16	**2,748**		2,814	
Cash at bank and in hand		**249**		174	
		18,695		18,142	
CREDITORS					
Amounts falling due within one year	17	**15,835**		14,733	
NET CURRENT ASSETS			**2,860**		3,409
TOTAL ASSETS LESS CURRENT LIABILITIES			**38,479**		37,682
CREDITORS					
Amounts falling due after more than one year	18		**(6,587)**		(8,056)
PROVISIONS FOR LIABILITIES	22		**(5,213)**		(5,286)
ACCRUALS AND DEFERRED INCOME	23		**(29)**		(34)
PENSION LIABILITY	28		**(1,356)**		(1,915)
NET ASSETS			**25,294**		22,391
CAPITAL AND RESERVES					
Called up share capital	24		**552**		552
Share premium	25		**248**		248
Capital redemption reserve	25		**90**		90
Retained earnings	25		**24,404**		21,512
SHAREHOLDERS' FUNDS			**25,294**		22,402
NON-CONTROLLING INTERESTS	26		**-**		(11)
TOTAL EQUITY			**25,294**		22,391

The financial statements were approved by the Board of Directors on 19th June 2019 and were signed on its behalf by:

S R Counsell - Chairman

R M Stansfield - Director

The notes form part of these financial statements

Singleton Birch Limited (Registered number: 00009433)

Company Balance Sheet
31st March 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
FIXED ASSETS					
Intangible assets	12		-		2,300
Tangible assets	13		33,772		30,566
Investments	14		1,547		929
			35,319		33,795
CURRENT ASSETS					
Stocks	15	3,641		3,612	
Debtors: amounts falling due within one year	16	13,700		12,977	
Debtors: amounts falling due after more than one year	16	948		1,014	
Cash at bank and in hand		1		27	
		18,290		17,630	
CREDITORS					
Amounts falling due within one year	17	18,514		17,308	
NET CURRENT (LIABILITIES)/ASSETS			(224)		322
TOTAL ASSETS LESS CURRENT LIABILITIES			35,095		34,117
CREDITORS					
Amounts falling due after more than one year	18		(6,552)		(8,021)
PROVISIONS FOR LIABILITIES	22		(5,199)		(5,281)
PENSION LIABILITY	28		(1,356)		(1,915)
NET ASSETS			21,988		18,900
CAPITAL AND RESERVES					
Called up share capital	24		552		552
Share premium	25		248		248
Capital redemption reserve	25		90		90
Retained earnings	25		21,098		18,010
SHAREHOLDERS' FUNDS			21,988		18,900
Company's profit for the financial year			4,320		4,460

The financial statements were approved by the Board of Directors on 19th June 2019 and were signed on its behalf by:

S R Counsell - Chairman

R M Stansfield - Director

The notes form part of these financial statements

Singleton Birch Limited (Registered number: 00009433

Consolidated Statement of Changes in Equity
for the year ended 31st March 2019

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1st April 2017	542	17,717	153
Changes in equity			
Issue of share capital	10	-	95
Dividends	-	(1,030)	-
Total comprehensive income	-	4,825	-
Balance at 31st March 2018	552	21,512	248
Changes in equity			
Dividends	-	(1,131)	-
Total comprehensive income	-	4,199	-
Acquisition of non-controlling interest	-	(176)	-
Balance at 31st March 2019	552	24,404	248

	Capital redemption reserve £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1st April 2017	90	18,502	-	18,502
Changes in equity				
Issue of share capital	-	105	-	105
Dividends	-	(1,030)	-	(1,030)
Total comprehensive income	-	4,825	(11)	4,814
Balance at 31st March 2018	90	22,402	(11)	22,391
Changes in equity				
Dividends	-	(1,131)	-	(1,131)
Total comprehensive income	-	4,199	(65)	4,134
Acquisition of non-controlling interest	-	(176)	76	(100)
Balance at 31st March 2019	90	25,294	-	25,294

Singleton Birch Limited (Registered number: 00009433

Company Statement of Changes in Equity
for the year ended 31st March 2019

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1st April 2017	542	14,466	153	90	15,251
Changes in equity					
Issue of share capital	10	-	95	-	105
Dividends	-	(1,030)	-	-	(1,030)
Total comprehensive income	-	4,574	-	-	4,574
Balance at 31st March 2018	552	18,010	248	90	18,900
Changes in equity					
Dividends	-	(1,131)	-	-	(1,131)
Total comprehensive income	-	4,219	-	-	4,219
Balance at 31st March 2019	552	21,098	248	90	21,988

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the year ended 31st March 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	1	**9,132**	7,912
Interest paid		**(498)**	(485)
Tax paid		**(752)**	(216)
Net cash from operating activities		**7,882**	7,211
Cash flows from investing activities			
Purchase of intangible fixed assets		**(41)**	-
Purchase of tangible fixed assets		**(7,469)**	(6,100)
Purchase of fixed asset investments		**-**	(1)
Sale of tangible fixed assets		**458**	596
Acquisition of subsidiary		**(218)**	(331)
Cash acquired with subsidiary		**32**	56
Interest received		**93**	95
Net cash from investing activities		**(7,145)**	(5,685)
Cash flows from financing activities			
Loan repayments in year		**(1,292)**	(1,249)
Capital repayments in year		**(558)**	(1,084)
Share issue		**-**	105
Equity dividends paid		**(1,131)**	(1,030)
Net cash from financing activities		**(2,981)**	(3,258)
Decrease in cash and cash equivalents		**(2,244)**	(1,732)
Cash and cash equivalents at beginning of year	2	**(1,031)**	701
Cash and cash equivalents at end of year	2	**(3,275)**	(1,031)

Notes to the Consolidated Cash Flow Statement
for the year ended 31st March 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£'000	£'000
Profit before taxation	5,027	5,631
Depreciation charges	4,235	3,658
Profit on disposal of fixed assets	(254)	(18)
Additional pension contributions	(637)	(229)
Benefits paid regarding past directors	(84)	(81)
Loss on settlement of carbon units	307	1
Landfill provision/discount unwind	185	(1,007)
Finance costs	538	541
Finance income	(93)	(95)
	9,224	8,401
Increase in stocks	(11)	(616)
(Increase)/decrease in trade and other debtors	(302)	236
Increase/(decrease) in trade and other creditors	221	(109)
Cash generated from operations	9,132	7,912

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 31st March 2019

	31.3.19	1.4.18
	£'000	£'000
Cash and cash equivalents	249	174
Bank overdrafts	(3,524)	(1,205)
	(3,275)	(1,031)

Year ended 31st March 2018

	31.3.18	1.4.17
	£'000	£'000
Cash and cash equivalents	174	701
Bank overdrafts	(1,205)	-
	(1,031)	701

3. ACQUISITION OF BUSINESS

On 30th November 2018 the company acquired 100% of the share capital of Minsterport Limited and 60% of the share capital of Dedicated VMI Systems Limited. The remaining 40% of the share capital of Dedicated VMI Systems is owned by Minterport Limited and as such the company has an effective holding of 100%. These have been consolidated using the acquisition method. The combined assets and liabilities obtained are set out below.

Net assets acquired	£'000
Tangible fixed assets	8
Stocks	17
Debtors	125
Cash at bank	32
Creditors	(140)
Net assets acquired	42
Goodwill recognised on acquisition	476
	518
Satisfied by	
Cash	218
Deferred consideration	300
	518

1. **STATUTORY INFORMATION**

Singleton Birch Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

General information and basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102: The Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

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

Basis of consolidation
The group accounts consolidate the accounts of the Company and all its subsidiary undertakings at 31 March 2019 using acquisition accounting.

Joint ventures
Joint ventures are measured using the equity method approach subject to impairment reviews.

Going concern
The consolidated financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. This has specifically included reviewing banking facilities in place and detailed forecasting using sensitivity analysis to ensure that the worst case scenario situation does not put the going concern concept at risk. As a consequence, the Directors believe that the Parent Company and Group are well placed to manage their business risks successfully despite the uncertainties surrounding the current general economic outlook.

The Directors have a reasonable expectation that the Parent Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, excluding UK landfill tax and aggregate levy and net of VAT, intra-group transactions, rebates and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover from the sales of goods and services is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on shipment, completion of the product or the service being ready for delivery, based on specific contract terms.

Intangible assets - goodwill
Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful life. The period chosen for writing off goodwill is 10 years and provisions are made for any impairment following annual reviews.

continued...

2. ACCOUNTING POLICIES - continued

Carbon emission allowances
The Group has energy activities that are subject to the European carbon emissions trading scheme and is allocated carbon emissions allowances by the UK government. The accounting treatment for such allowances was the subject of a draft UITF abstract issued in May 2003. Following a period of consultation, the UITF decided not to issue a final abstract due to reservations about the recommended treatments of gains and losses and uncertainty about the future accounting treatment of government grants.

The directors have considered the proposed treatment in the abstract and, in light of the decision of the UITF to delay the release of definitive guidance on the treatment of emissions allowances, have chosen not to follow the treatment included in the draft abstract. Instead, they have adopted a policy which they consider most fairly represents the position at the year end and the net income or expenditure for the year.

Purchased allowances are recognised within intangible assets at their initial cost and reviewed at the end of each reporting period for evidence of impairment at which point they are written down to their recoverable amount.

Allowances received free of charge from the UK government are accounted for in accordance with SSAP 4 'Accounting for government grants' and the Group recognises an intangible asset and deferred income equal to the market value of those allowances at the date of receipt. This deferred income is amortised to the profit and loss account over the related compliance period on a straight line basis.

The Group also records a liability to reflect its obligation to deliver allowances based upon actual carbon emissions at the end of each reporting period. This liability is measured at the amounts expected to be incurred in settling the liability as follows:

- To the extent that the obligation can be met from allowances already held, it is measured at the carrying amount of the allowances held.

- To the extent that the obligation cannot be met from allowances already held, it is measured at the market price of allowances (or a contracted forward rate if such a forward purchase arrangement exists).

When the Group sells allowances to a third party in exchange for cash, the gain (or loss) on disposal, representing the excess (or shortfall) of proceeds over carrying value is reflected in the profit and loss account. When the Group exchanges allowances for other non-monetary assets, including allowances of a different type, the gain (or loss) reflected in the profit and loss account represents the difference between the market value of allowances received and the carrying value of those exchanged, on the date of exchange.
The directors will continue to review the appropriateness of this policy as further guidance develops in this area.

Tangible fixed assets
Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes those costs that are directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Long leasehold property	**5% - 10% per annum on cost**
Plant and machinery	**5% - 33% per annum on cost**
Landfill site	**5% - 33% per annum on cost**

Landfill site
Construction, commissioning costs and the discounted cost of final site restoration are capitalised. These costs are written off over the operational life of the site based upon the amount of waste deposited in the year. The landfill costs of construction and restoration are reviewed annually by the directors and triennially by qualified consultants. The last professional review was undertaken in the 2018 financial year.

Government grants
Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost.

continued...

2. ACCOUNTING POLICIES - continued

Stocks and work in progress
Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out basis. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Tax
Current tax represents the amount payable or receivable in respect of the taxable profit or loss for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Research and development
Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies
Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period using the effective interest method. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Employee benefits
Where employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution pension plan for the benefit of its employees. Contributions are expensed as they become payable.

The company also operates a defined benefit pension plan for the benefit of its employees. A liability for the company's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained annually and are updated at each balance sheet date.

Loans and borrowings
Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

continued...

2. ACCOUNTING POLICIES - continued

Derivatives
Where material to the financial statements, derivative financial instruments are initially measured at fair value at the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss.

The company uses derivatives to protect against fluctuations in interest rates. The fair value is determined by annual valuations from the Group's bank.

Provisions
Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably measured.

Site restoration
Full provision is made for the net present value (NPV) of the Group's minimum unavoidable costs in relation to restoration liabilities at the landfill site and this is capitalised as a fixed asset.
The Group provides for the NPV of intermediate restoration costs over the life of the landfill site, based on the quantity of waste deposited in the year.

Aftercare provision
Provision is made for the NPV of post closure costs based on the quantity of waste deposited in the year. Similar costs incurred during the operational life of the landfill site are written off directly and not charged against the provision.

Debtors and creditors receivable / payable within one year
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Investments
Fixed asset investments are included at cost unless, in the opinion of the directors, there is a permanent diminution in the value of these investments, in which case a provision is made against the deficit.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019	2018
	£'000	£'000
United Kingdom	45,884	42,684
Europe	498	476
Rest of world	2,036	1,288
	48,418	44,448

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£'000	£'000
Wages and salaries	6,263	5,222
Social security costs	656	574
Other pension costs	753	659
	7,672	6,455

continued...

4. **EMPLOYEES AND DIRECTORS - continued**

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

	2019	2018
Executive Directors	4	4
Production	76	67
Administration	67	60
	147	131

5. **DIRECTORS' EMOLUMENTS**

	2019 £	2018 £
Directors' remuneration	857,729	816,198

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

Defined benefit schemes	3	3

Information regarding the highest paid director is as follows:

	2019 £	2018 £
Emoluments etc	246,445	233,535

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,630 (2018 £21,000).

The total value of the company's contributions paid to a defined contribution pension scheme in respect of the directors amounted to £49,795 (2018 £47,882).

Included in remuneration are fees payable to Non-Executive directors of £103,701 (2018 £100,683).

6. **OPERATING PROFIT**

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

	2019 £'000	2018 £'000
Depreciation - owned assets	3,872	3,221
Depreciation - leased assets	363	423
Profit on disposal of fixed assets	(254)	(18)
Goodwill amortisation	-	14
Auditors' remuneration	35	27
Auditors' remuneration - non audit fees	12	12
Foreign exchange differences	(16)	52
Release of government grant	(5)	(5)
Other operating leases	42	19
Operating expense arising from carbon emissions allowances	307	1

7. **EXCEPTIONAL ITEMS**

	2019 £'000	2018 £'000
Exceptional items	-	1,007

continued...

During the prior year, landfill costs relating to construction and restoration of cells were reassessed by qualified consultants following the company receiving planning permission to develop the site. The operational life of the site was extended by a further 18 years, resulting in additional costs expected on the construction and restoration of the landfill cells.

As a result, an exceptional item totalling £1,007,433 was credited to the profit and loss account, representing the adjustments to previously recognised depreciation charges (£38,506), aftercare costs (£54,505), and unwinding of discount charges (£914,422).

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£'000	£'000
Bank loan interest	462	422
Hire purchase interest	36	63
	498	485

9. TAXATION

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

	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax	468	615
Prior year under provision	-	21
Total current tax	468	636
Deferred tax	324	295
Tax on profit	792	931

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:

	2019	2018
	£'000	£'000
Profit before tax	5,027	5,631
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	955	1,070
Effects of:		
Expenses not deductible for tax purposes	29	61
Adjustments to tax charge in respect of previous periods	-	21
Additional deductions for qualifying R&D expenditure	(137)	(106)
Consortium Relief	(15)	(22)
Differences arising from change in tax rates	(40)	(93)
Total tax charge	792	931

Tax effects relating to effects of other comprehensive income

		2019	
	Gross	Tax	Net
	£'000	£'000	£'000
Actuarial movements	(122)	21	(101)

continued...

9. **TAXATION - continued**

		2018	
	Gross	Tax	Net
	£'000	£'000	£'000
Actuarial movements	137	(23)	114

The standard rate of corporation tax in the UK for 2018/19 was 19%. Reductions in standard rate UK corporation tax have been announced and the rate will be 17% from 1 April 2020.

The expected net reversal of deferred tax assets and liabilities in 2019 is £351,777. This is due to the reversal of accelerated capital allowances and short term timing differences.

10. **INDIVIDUAL INCOME STATEMENT**

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.

11. **DIVIDENDS**

	2019	2018
	£'000	£'000
Ordinary Shares of £1 each		
Final dividend year ended 31st March 2018 (135p per share)	**745**	678
Interim dividend (70p per share)	**386**	352
	1,131	1,030

12. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill	**Carbon units**	**Totals**
	£'000	**£'000**	**£'000**
COST			
At 1st April 2018	**2,754**	**2,300**	**5,054**
Additions	**-**	**41**	**41**
Disposals	**-**	**(2,341)**	**(2,341)**
Acquisition of subsidiary	**476**	**-**	**476**
At 31st March 2019	**3,230**	**-**	**3,230**
AMORTISATION			
At 1st April 2018 and 31st March 2019	**2,336**	**-**	**2,336**
NET BOOK VALUE			
At 31st March 2019	**894**	**-**	**894**
At 31st March 2018	418	2,300	2,718

For the group and the company, the decrease in carbon units is due to the uncertainty of Brexit. In a no deal scenario the UK will be excluded from participating in the EU Emissions Trading System (EU ETS) and therefore the company has not received any free allowance of carbon units for the period 1st January 2019 to 31st December 2019 and as such no asset has been recognised.

For the group and the company, the aggregate amount of research and development expenditure recognised during the year as an expense was £553,726 (2018: £429,058).

continued...

12. INTANGIBLE FIXED ASSETS - continued

Company

	Goodwill £'000	Carbon units £'000	Totals £'000
COST			
At 1st April 2018	2,242	2,300	4,542
Additions	-	41	41
Disposals	-	(2,341)	(2,341)
At 31st March 2019	2,242	-	2,242
AMORTISATION			
At 1st April 2018 and 31st March 2019	2,242	-	2,242
NET BOOK VALUE			
At 31st March 2019	-	-	-
At 31st March 2018	-	2,300	2,300

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £'000	Landfill Site £'000	Long leasehold £'000	Plant and machinery £'000	Totals £'000
COST					
At 1st April 2018	118	13,404	4,312	85,051	102,885
Additions	-	1,186	607	6,008	7,801
Disposals	-	-	-	(1,462)	(1,462)
Acquisition of subsidiary	-	-	-	32	32
Restoration provision adjustment	-	(479)	-	-	(479)
At 31st March 2019	118	14,111	4,919	89,629	108,777
DEPRECIATION					
At 1st April 2018	-	7,143	3,337	60,861	71,341
Charge for year	-	505	118	3,612	4,235
Eliminated on disposal	-	-	-	(1,258)	(1,258)
Acquisition of subsidiary	-	-	-	23	23
Restoration provision adjustment	-	(278)	-	-	(278)
At 31st March 2019	-	7,370	3,455	63,238	74,063
NET BOOK VALUE					
At 31st March 2019	118	6,741	1,464	26,391	34,714
At 31st March 2018	118	6,261	975	24,190	31,544

Included within tangible fixed assets of the group and the company are net book values of finance leases/hire purchase contracts of £921,372 (2018: £1,148,195).

The landfill costs of construction and restoration are reviewed annually by the directors and triennially by qualified consultants. The last professional review was undertaken in the 2018 financial year. The adjustment to landfill site comprises the net present value of the future restoration expenditure which the Group is obliged to undertake by the permission under which it operates the landfill site. The corresponding entry is included within provisions at note 22.

continued...

13. **TANGIBLE FIXED ASSETS - continued**

Company

	Freehold property £'000	Landfill Site £'000	Long leasehold £'000	Plant and machinery £'000	Totals £'000
COST					
At 1st April 2018	118	13,404	4,312	83,815	101,649
Additions	-	1,186	607	5,923	7,716
Disposals	-	-	-	(1,453)	(1,453)
Restoration provision adjustment	-	(479)	-	-	(479)
At 31st March 2019	118	14,111	4,919	88,285	107,433
DEPRECIATION					
At 1st April 2018	-	7,143	3,337	60,603	71,083
Charge for year	-	505	118	3,483	4,106
Eliminated on disposal	-	-	-	(1,250)	(1,250)
Restoration provision adjustment	-	(278)	-	-	(278)
At 31st March 2019	-	7,370	3,455	62,836	73,661
NET BOOK VALUE					
At 31st March 2019	118	6,741	1,464	25,449	33,772
At 31st March 2018	118	6,261	975	23,212	30,566

continued...

14. FIXED ASSET INVESTMENTS

Group
The group or the company's investments at the Balance Sheet date include the following:

Subsidiaries

Name of company	Class of share	% Holding	Nature of business
Birch Chemicals Limited (formerly Innovo Chemicals Limited)	Ordinary	100%	Chemical processing and distribution
Birch Energy Limited	Ordinary	100%	Renewable Energy
Birch Haulage Limited	Ordinary	100%	Dormant
Birch Biolime Limited	Ordinary	100%	Dormant
Birch Lime Products Limited	Ordinary	100%	Dormant
Birch Minerals Limited	Ordinary	100%	Dormant
Birch Solutions (Technical Services) Limited	Ordinary	100%	Dormant
Woldlime Limited	Ordinary	100%	Dormant
Birch Solutions UK Limited (formerly PlanET Biogas UK Limited)	Ordinary	75.1%	Maintenance of biogas biosolids and other plants

All of the above investments were held directly by the company for the whole period.

During the year the company acquired shares in the following companies:

Birch Solutions UK Limited (formerly PlanET Biogas UK Limited)	Ordinary	24.9%	Maintenance of biogas, biosolids and other plants
Minsterport Limited	Ordinary	100%	Sale and maintenance of electronic weighing equipment
Dedicated VMI systems Limited	Ordinary	100%	Remote monitoring website technology

The investments are measured at cost less impairment where appropriate, on the basis they represent shares in entities that are not publicly traded. The registered office is Melton Ross Quarries, Barnetby, North Lincolnshire, DN38 6AE.

Joint Ventures
The group has a 50% holding in Laynes Green Energy Limited, a company registered in the UK. The registered office is Melton Ross Quarries, Barnetby, North Lincolnshire, DN38 6AE.

The joint venture has traded during the year ended 31 March 2019. The carrying amount of the investment is £nil due to its negative reserves at 31 March 2019 exceeding the initial cost of investment. The company receives interest from loan notes issued to Laynes Green Energy as disclosed at note 31. The directors are confident in the long term future of Laynes Green Energy.

Company
Shares in group undertakings

	£'000
COST AND NET BOOK VALUE	
At 1st April 2018	918
Additions in year	618
At 31st March 2019	1,536

Unlisted Investments – Rika Biogas Technologies Limited (10% of ordinary shares)

	£'000
COST AND NET BOOK VALUE	
At 31st March 2019	11
At 31st March 2018	11

On 3rd April 2019 the company acquired an additional 15% of the share capital of Rika Biogas Technologies Limited.

continued...

Notes to the Consolidated Financial Statements - continued
for the year ended 31st March 2019

15. STOCKS

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Stocks	**4,012**	3,984	**3,641**	3,612

Stock recognised in cost of sales during the year as an expense was £13,506,454 (2018 £11,541,557) for the group, and £12,468,632 (2018 £11,192,372) for the company.

16. DEBTORS

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**10,492**	9,392	**9,727**	8,883
Amounts owed by group undertakings	**-**	-	**2,996**	2,500
Tax	**24**	-	**61**	-
VAT	**133**	56	**-**	-
Prepayments and accrued income	**1,037**	1,722	**916**	1,594
	11,686	11,170	**13,700**	12,977
Amounts falling due after more than one year:				
Amounts owed by joint ventures	**1,800**	1,800	**-**	-
Prepayments and accrued income	**948**	1,014	**948**	1,014
	2,748	2,814	**948**	1,014
Aggregate amounts	**14,434**	13,984	**14,648**	13,991

Included in prepayments, of the group and the company, is £1,013,000 (2018: £1,079,000) in respect of an 8MVA cable to the site. The prepayment is being released over 25 years.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts (see note 19)	**4,866**	2,498	**4,866**	2,498
Hire purchase contracts (see note 20)	**346**	444	**346**	444
Trade creditors	**5,536**	6,533	**5,229**	6,148
Amounts owed to group undertakings	**-**	-	**3,186**	3,186
Tax	**-**	211	**-**	196
Social security and other taxes	**2,210**	543	**2,174**	536
Other creditors	**1,151**	837	**1,133**	836
Accruals and deferred income	**1,726**	3,667	**1,580**	3,464
	15,835	14,733	**18,514**	17,308

continued...

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Bank loans (see note 19)	**6,166**	7,507	**6,166**	7,507
Hire purchase contracts (see note 20)	**386**	514	**386**	514
Other creditors	**35**	35	**-**	-
	6,587	8,056	**6,552**	8,021

19. LOANS AND OVERDRAFTS

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year or on demand:				
Bank overdrafts	**3,524**	1,205	**3,524**	1,205
Bank loans	**1,342**	1,293	**1,342**	1,293
	4,866	2,498	**4,866**	2,498
Amounts falling due between one and two years:				
Bank loans - 1-2 years	**1,393**	1,342	**1,393**	1,342
Amounts falling due between two and five years:				
Bank loans - 2-5 years	**3,941**	4,525	**3,941**	4,525
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans - more than 5 years	**832**	1,640	**832**	1,640

Bank loan terms of repayment are over quarterly instalments and the interest is payable as follows:
- £2.5m at a weighted average fixed rate of 5.3%
- £7.5m at a variable interest rate of LIBOR + 2.85% to 5.3%.

continued...

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2019	2018
	£'000	£'000
Gross obligations repayable:		
Within one year	**401**	492
Between one and five years	**398**	558
	799	1,050
Finance charges repayable:		
Within one year	**55**	48
Between one and five years	**12**	44
	67	92
Net obligations repayable:		
Within one year	**346**	444
Between one and five years	**386**	514
	732	958

Company

	Hire purchase contracts	
	2019	2018
	£'000	£'000
Gross obligations repayable:		
Within one year	**401**	492
Between one and five years	**398**	558
	799	1,050
Finance charges repayable:		
Within one year	**55**	48
Between one and five years	**12**	44
	67	92
Net obligations repayable:		
Within one year	**346**	444
Between one and five years	**386**	514
	732	958

Group

	Non-cancellable operating leases	
	2019	2018
	£'000	£'000
Within one year	**13**	24
Between one and five years	**11**	2
	24	26

continued...

20. **LEASING AGREEMENTS - continued**

Company

	Non-cancellable operating leases	
	2019	2018
	£'000	£'000
Within one year	**-**	3

21. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2019	2018
	£'000	£'000
Bank overdrafts	**3,524**	1,205
Bank loans	**7,508**	8,800
Hire purchase contracts	**732**	985
	11,764	10,990

The bank loans, overdraft and hire purchase contracts are secured by way of a legal charge and a debenture over the land, reserves and plant and machinery at Melton Ross.

22. **PROVISIONS FOR LIABILITIES**

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Deferred tax	**916**	613	**902**	608
Other provisions				
Site restoration	**4,019**	4,049	4,019	4,049
Aftercare provision	**106**	92	106	92
Carbon units	**172**	532	172	532
	4,297	4,673	4,297	4,673
Aggregate amounts	**5,213**	5,286	**5,199**	5,281

Group

	Deferred tax	**Other provisions**
	£'000	**£'000**
Balance at 1st April 2018	**613**	**4,673**
Provided during year	**303**	**1,972**
Utilised during year	**-**	**(2,341)**
Unwinding of discount amount	**-**	**181**
Amounts released in year	**-**	**13**
Restoration provision adjustment	**-**	**(201)**
Balance at 31st March 2019	**916**	**4,297**

22. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £'000	Other provisions £'000
Balance at 1st April 2018	608	4,673
Provided during year	294	1,972
Utilised during year	-	(2,341)
Unwinding of discount amount	-	181
Amounts released in year	-	13
Restoration provision adjustment	-	(201)
Balance at 31st March 2019	902	4,297

23. ACCRUALS AND DEFERRED INCOME

	Group	
	2019 £'000	2018 £'000
Deferred government grants	29	34

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £'000	2018 £'000
552,069	Ordinary Shares	£1	552	552

25. RESERVES

Group

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1st April 2018	21,512	248	90	21,850
Profit for the year	4,300			4,300
Dividends	(1,131)			(1,131)
Actuarial movements	(101)	-	-	(101)
Acquisition of non-controlling interest	(176)	-	-	(176)
At 31st March 2019	24,404	248	90	24,742

Company

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1st April 2018	18,010	248	90	18,348
Profit for the year	4,320			4,320
Dividends	(1,131)			(1,131)
Actuarial movements	(101)	-	-	(101)
At 31st March 2019	21,098	248	90	21,436

continued...

25. **RESERVES - continued**

Retained Earnings

Retained earnings represents cumulative profits and losses net of dividends and other adjustments

Share Premium

The share premium account represents the premium arising on the issue of shares net of issue costs.

Capital Redemption Reserve

The capital redemption reserve represents the company's repurchase of own shares.

26. **NON-CONTROLLING INTERESTS**

On 29th March 2019 the company acquired the remaining 24.9% of the share capital of Birch Solutions UK Limited (formerly PlanET Biogas UK Limited) increasing its shareholding to 100%. The transaction has been accounted for as a transaction between equity holders. The difference between the amount by which the non-controlling interest was adjusted and the fair value of the consideration paid has been recognised directly in equity and attributed to equity holders.

27. **NON-CONTROLLING INVESTMENTS**

The group has a 50% holding in Laynes Green Energy Limited, and a 10% holding in Rika Biogas Technologies Limited.

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28. **EMPLOYEE BENEFIT OBLIGATIONS**

General
The group operates several pension schemes for qualifying employees, the major scheme providing benefits on the final pensionable earnings for its members. The assets of the scheme are held in separate Trustee administered funds.

Group personal pension plan (defined contribution scheme)
A group personal pension scheme was introduced with effect from 1 April 2001. This is offered to all employees, the company contributes 14% of earnings into the scheme and the employee has the opportunity to top up this amount to HMRC maximum limits. The charge for the year amounted to £677,271 (2018 £605,485). There were no amounts outstanding as at 31st March 2019 (2018 £Nil).

Defined benefit schemes
The Singleton Birch Retirement Benefits Scheme was closed to new members on 1 April 2001 and replaced with a group personal pension plan. From 1 April 2008 the scheme was closed for future accrual and members have been transferred to the group personal pension scheme for the remainder of their service.

The company also operates a defined benefit pension plan for previous directors. The pension plan is an unfunded arrangement and has been recognised on the balance sheet of the company.

The net deficit of the schemes at 31st March 2019 was £1,356,026 (2018 £1,914,741), as detailed below

An additional contribution of £637,000 (2018 £229,000) has been made to the Singleton Birch Retirement Benefits Scheme together with £64,000 (2018 £52,000) for the expenses of managing and administering the scheme. The group does not expect to contribute to the scheme in the period commencing 1st April 2019 to 31st March 2020. Included in benefits paid are contributions of £84,000 (2018 £81,000) in respect of past directors.

The most recent comprehensive actuarial valuation of the pension plan assets and present value of the defined benefit obligation was carried out at 31 March 2018 and was updated to 31 March 2019 by a qualified actuary, independent of the schemes sponsoring employer.

The major assumptions used by the actuary an total cost recognised in the period was as follows:

	2019	2018
	£'000	£'000
Current service cost	**-**	-
Net interest expense	**40**	56
Actuarial losses/(gains)	**122**	(137)
Recognised in profit or loss	**40**	56
Recognised in other comprehensive income	**122**	(137)
Total cost recognised	**162**	(81)

Amounts recognised in the balance sheet were as follows:

	2019	2018
	£'000	£'000
Present value of funded obligations	**(30,952)**	(31,241)
Present value of unfunded obligations	**(1,177)**	(1,272)
Fair value of plan assets	**30,773**	30,598
	(1,356)	(1,915)

The present value of the unfunded pension obligations relate to former directors.

Changes in the present value of the defined benefit obligations were as follows:

	2019	2018
	£'000	£'000
Opening defined benefit obligation	**32,513**	32,865
Interest cost	**811**	839
Actuarial losses	**226**	1
Benefits paid	**(1,421)**	(1,193)
Closing defined benefit obligation	**32,129**	32,513

continued...

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of the pension plan assets were as follows:

	2019 £'000	2018 £'000
Opening plan assets	**30,598**	30,560
Interest income	**771**	783
Actuarial gains	**104**	138
Contributions made by the company	**637**	229
Benefits paid	**(1,337)**	(1,112)
Closing plan assets	**30,773**	30,598

The amount that each major class of pension plan assets constitutes of the fair value of the total plan assets was as follows:

	2019 £'000	2018 £'000
Bonds	**15,577**	15,446
Diversified growth	**14,919**	15,000
Other	**277**	152
	30,773	30,598

The return on plan assets was as follows:

	2019 £'000	2018 £'000
Interest income	**771**	783
Actual return on plan assets	**104**	138
	875	921

The principal actuarial assumptions used were as follows:

	2019	2018
Discount rate	**2.30%**	2.55%
Inflation (RPI)	**3.25%**	3.40%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	**3.25%**	3.40%
Allowance for pension in payment increases of RPI or 5% p.a. if less	**3.10%**	3.25%
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	**3.70%**	3.75%
Allowance for commutation of pension for cash at retirement	**100% of Post A Day**	100% of Post A Day

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies

	2019	2018
Males retiring at balance sheet date	**24.9 years**	25.1 years
Females retiring at balance sheet date	**27.0 years**	27.1 years
Males retiring in 20 years	**26.2 years**	26.6 years
Females retiring in 20 years	**28.3 years**	28.8 years

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29. CONTINGENT LIABILITIES

The company has given a guarantee in respect of a renewable bond for the purpose of securing the performance and observation of the provisions of the waste management licence at Camp Wood Landfill. Barnetby, North Lincolnshire. The bond is in place for a period of three years and shall be renewed at least two months before its expiry. The bonded sum at 31 March 2019 was £1,112,711 (2018: £1,313,979).

The company has been issued with a notice for assessment for under-declared landfill tax amounting to £8,726,717 plus interest accrued. The company is challenging the assessment with the support of the customer who is contractually responsible for payment of this amount such that there will be no outflow of resources embodying economic benefits required to settle this obligation. The directors do not believe that any other material liabilities will arise as a result of this dispute.

30. CAPITAL COMMITMENTS

	2019	2018
	£'000	£'000
Contracted but not provided for in the financial statements	3,456	2,460

31. RELATED PARTY DISCLOSURES

The group has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 'Related Party Transactions' not to disclose any transactions between wholly owned members of the group.

Entities over which the entity has control, joint control or significant influence

	2019	2018
	£'000	£'000
Recharges at cost	332	224
Purchases	(158)	(37)
Loan note interest received	90	90
Loan notes	1,800	1,800
Amount due from related party	-	50
Amount due to related party	118	278

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

	2019	2018
	£'000	£'000
Remuneration	1,196	1,048

32. ULTIMATE CONTROLLING PARTY

Singleton Birch Limited is the parent company, and the Katherine Martin Trust is the ultimate controlling party by virtue of its majority shareholding in the company.

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