

**PÖYRY CAPITAL LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

# **PÖYRY CAPITAL LIMITED**

## **COMPANY INFORMATION**

### **Directors**

T W S Blake  
B Hammar (resigned 31 December 2019)  
C R Moncayo-Quiros

### **Company secretary**

Christine Mason

### **Registered number**

03639550

### **Registered office**

4 Millbank  
3rd Floor  
London  
SW1P 3JA

### **Independent auditor**

James Cowper Kreston  
Chartered Accountants and Statutory Auditor  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire  
OX2 9GG

**PÖYRY CAPITAL LIMITED**

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# PÖYRY CAPITAL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The principal activity of the company is the provision of corporate finance advisory services.

### Results and Dividends

The results for the year are set out in the profit and loss account on page 8. The Directors do not recommend payment of a final dividend (2018: £nil). During the year no interim dividend (2018: £nil) was paid.

### Business Review

The Company was established in 1999 as part of the Pöyry Group's commitment to provide M&A services to its forest industry based clients. Over the past 19 years, the Company has established itself as a leading provider of specialist corporate finance and advisory services in the forest industry sector, packaging and energy sectors, leading or participating in global transactions for market leaders in this field. 2019 saw reasonable activity however longer life cycle of some transactions has delayed completion and as a result income and profitability are lower than 2018. Some transactions mandated in 2019 continue into 2020 and the overall transaction pipeline is sound.

It is the intention of the Directors that the Company will continue to grow its principal business activity diversifying where appropriate into other industry sectors and geographic areas.

The buoyancy of the M&A market, increased competition, general economic conditions and industry specialisation are risk factors which can influence the business. The primary success factors are winning business and closing deals. These are managed as appropriate by the Directors. Expanding the client base and diversification into other industry and geographic segments are some of the ways in which the Directors manage these risks.

The Company generated fee income of £3,046,688 for the year ended 31 December 2019 (2018: £6,225,112), utilising the services of 13 professional and three support staff. Net assets of the Company have increased to £3,319,217 as at 31 December 2019 (2018: £3,107,723). The income statement, balance sheet and the order book of advisory mandates provide the key performance indicators to the Directors.

The Company is regulated by the Financial Conduct Authority (FCA).

### Risk Management

The Board is responsible for risk and is responsible for oversight of the risk management process. The Board has considered the principal risks facing the Company and the exposure in relation to each of those risks. The Company operates within the governance framework of ÅF Pöyry AB. It also has its own established governance framework, with clear terms of reference for the Board and a clear organisation structure, with delegated authorities and responsibilities.

The financial services industry remains closely regulated and the UK regulators may take actions that could result in changes to industry practices. The Company maintains a strong compliance culture and monitors the regulatory environment closely to react proactively to changes and reduce risks to the business.

There are formal ÅF Pöyry Group compliance and internal audit functions. These departments conduct monitoring of various business

areas and control procedures. Any issues of significance are brought to the attention of the Board. Planned corrective actions are independently monitored for timely completion and reviewed by the Board.

The financial instruments of the Company comprise cash, short-term debtors and creditors, and equity shares.

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## **PÖYRY CAPITAL LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

Exposure to credit, market and liquidity risk arises in the normal course of business. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year ended 31 December 2019.

Risk management is an integral part of ÅF Pöyry Group's business management and internal controls framework. The aim of risk management is to enable the achievement of strategic and financial objectives and targets in a controlled manner. ÅF Pöyry Group's risk management consists of a co-ordinated set of activities to identify, evaluate, treat and control all major risk areas of the ÅF Pöyry Group in a systematic and proactive manner. Risks are addressed in accordance with the following major risk categories – external risks and internal risks identified as strategic risks, operational risks and financial risks.

#### **Credit Risk**

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's only credit exposure is to debtors, which are frequently monitored for size and age. The balances with other companies within the ÅF Pöyry Group have minimal credit risk. The nature of the Company's business and counterparties means that it is not exposed to significant credit risk. This is because its receivables are mainly short-term trading items or intercompany balances.

The Company's exposure to credit risk is represented by the carrying amount of its debtor balances.

#### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to currency risk in respect of income and cash balances denominated in a currency other than sterling. The Company's exposure is kept to an acceptable level by managing the level of non-sterling cash balances on a regular basis. Material non sterling receivable balances are hedged as appropriate using forward FX contracts that are defined as derivative financial instruments and as such when revalued have any profit or loss recognised in the statement of total comprehensive income. There were no open FX contracts as at 31 December 2019 or 31 December 2018.

Interest on deposits and overdrafts is the only source of interest rate risk exposure.

#### **Liquidity Risk**

The Company's policy throughout the year has been to maintain sufficient liquidity in line with FCA regulations. The aim is to maintain an appropriate capital base to support the development of its business and to meet regulatory capital requirements at all times. The liquidity of the business depends on securing success fees which are small in number and high in value. The liquidity of the company would be at risk if sufficient success fees were not generated. In any year, should insufficient success fees be generated then the company may need to seek parental support and address its cost base. The Board monitors the level of dividends to the parent. There has been no change to the Company's approach to capital management during the year.

The Directors have reviewed the capital and cash positions of the business for the next 12 months and are comfortable that the forecasts, coupled with available support from the parent company should this be required, are adequate to support their assessment that the company can continue as a going concern.

## PÖYRY CAPITAL LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### Directors

The Directors who served during the year were:

T W S Blake  
B Hammar (resigned 31 December 2019)  
C R Moncayo-Quiros

#### Directors' responsibilities statement

The Directors are responsible for preparing 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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The profit for the year, after taxation, amounted to £211,494 (2018 - £1,108,653).

The results for the year are set out in the profit and loss account on page 8. The Directors do not recommend payment of a final dividend (2018: £nil). During the year no interim dividend (2018: £nil) was paid.

#### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**PÖYRY CAPITAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Post balance sheet events**

After the reporting date, COVID-19 was declared as a global pandemic. The directors have considered the impact of COVID-19 on the Company and the accounting estimates prepared by the directors and significant assumptions, including projected cash flows, used during the year ended 31 December 2019 and do not consider it has any direct financial impact on the financial statements for the year ended 31 December 2019.

**Auditor**

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 April 2020 and signed on its behalf.

.....  
**Christine Mason**  
Secretary



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PÖYRY CAPITAL LIMITED

**Opinion**

We have audited the financial statements of Pöyry Capital Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PÖYRY CAPITAL LIMITED (CONTINUED)**

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**PÖYRY CAPITAL LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PÖYRY CAPITAL LIMITED (CONTINUED)**

**Use of our report**

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

James Pitt BA (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

23 April 2020

PÖYRY CAPITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	5	3,046,688	6,225,112
Sub Consulting fees payable externally		-	(34,685)
Sub Consulting fees payable to group undertakings		(20,510)	(163,202)
<b>Gross profit</b>		<b>3,026,178</b>	<b>6,027,225</b>
Staff costs	8	(1,905,240)	(3,645,771)
Depreciation and amortisation		(8,149)	(6,599)
Other operating charges		(909,143)	(997,014)
<b>Operating profit</b>	6	<b>203,646</b>	<b>1,377,841</b>
Interest receivable and similar income	10	44,632	47,304
Interest payable and expenses	11	(2,737)	(2,017)
Other finance income		-	631
<b>Profit before tax</b>		<b>245,541</b>	<b>1,423,759</b>
Tax on profit	12	(34,047)	(315,106)
<b>Profit for the financial year</b>		<b>211,494</b>	<b>1,108,653</b>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 12 to 27 form part of these financial statements.

**PÖYRY CAPITAL LIMITED**  
**REGISTERED NUMBER: 03639550**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	14	39,161	47,310
		<u>39,161</u>	<u>47,310</u>
<b>Current assets</b>			
Stocks - work in progress	15	18,440	20,799
Debtors: amounts falling due within one year	16	3,502,405	5,931,110
Cash at bank and in hand	17	649,340	231,588
		<u>4,170,185</u>	<u>6,183,497</u>
Creditors: amounts falling due within one year	18	(890,129)	(2,473,744)
<b>Net current assets</b>		<u>3,280,056</u>	<u>3,709,753</u>
<b>Total assets less current liabilities</b>		<u>3,319,217</u>	<u>3,757,063</u>
Creditors: amounts falling due after more than one year	19	-	(649,340)
<b>Net assets</b>		<u><u>3,319,217</u></u>	<u><u>3,107,723</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	912,600	912,600
Share premium account		53,200	53,200
Profit and loss account		2,353,417	2,141,923
		<u><u>3,319,217</u></u>	<u><u>3,107,723</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2020.

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**T W S Blake**  
Director

The notes on pages 12 to 27 form part of these financial statements.

PÖYRY CAPITAL LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	912,600	53,200	1,033,270	1,999,070
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,108,653	1,108,653
<b>At 1 January 2019</b>	912,600	53,200	2,141,923	3,107,723
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	211,494	211,494
<b>At 31 December 2019</b>	<u>912,600</u>	<u>53,200</u>	<u>2,353,417</u>	<u>3,319,217</u>

The notes on pages 12 to 27 form part of these financial statements.

PÖYRY CAPITAL LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	211,494	1,108,653
<b>Adjustments for:</b>		
Depreciation of tangible assets	8,149	6,599
Interest paid	2,737	2,017
Interest received	(44,632)	(47,304)
Taxation charge	34,047	315,106
Decrease in stocks	2,359	8,714
Decrease/(increase) in debtors	360,465	(187,178)
(Decrease)/increase in creditors	(1,860,765)	1,575,560
Corporation tax (paid)	(421,191)	(157,287)
<b>Net cash generated from operating activities</b>	<b>(1,707,337)</b>	<b>2,624,880</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	-	(41,029)
Interest received	44,632	47,304
<b>Net cash from investing activities</b>	<b>44,632</b>	<b>6,275</b>
<b>Cash flows from financing activities</b>		
Interest paid	(2,737)	(2,017)
Cash transferred from/to group cash pool	2,083,194	(2,397,550)
<b>Net cash used in financing activities</b>	<b>2,080,457</b>	<b>(2,399,567)</b>
<b>Net increase in cash and cash equivalents</b>	<b>417,752</b>	<b>231,588</b>
Cash and cash equivalents at beginning of year	231,588	-
<b>Cash and cash equivalents at the end of year</b>	<b>649,340</b>	<b>231,588</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	649,340	231,588
	<b>649,340</b>	<b>231,588</b>

The notes on pages 12 to 27 form part of these financial statements.

**Cash Pool Available**

In addition the company has access to a group cash pooling arrangement. The total balance available at 31 December 2018 is £2,856,769 (2018: £4,939,963).

# PÖYRY CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. General information

Pöyry Capital Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 4 Millbank, 3rd Floor, London, SW1P 3JA.

### 2. Statement of compliance

The individual financial statements of Pöyry Capital Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Accounting policies

#### 3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 (see note 4).

The Company's liquidity and regulatory capital position depends on the receipt of success fees which are small in number and high in value. The timing and certainty of these success fees is difficult to predict accurately, particularly in poor market conditions. A minimum level of regulatory capital of Euro 50,000 and appropriate liquidity are both essential for the operation of the business.

The following principal accounting policies have been applied:

#### 3.2 Going concern

The Directors have reviewed the capital and cash positions of the business for the next 12 months and are comfortable that the forecasts, coupled with available support from the parent company should this be required, are adequate to support their assessment that the Company can continue as a going concern.

#### 3.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of ÅF Pöyry AB as at 31 December 2019 and these financial statements may be obtained from Frösundaleden 2A SE-169 99 Stockholm.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3. Accounting policies (continued)**

**3.4 Foreign currencies**

**Functional and presentational currency**

The company's functional and presentational currency is pound sterling.

**Transactions and balances**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. At each period end monetary assets and liabilities expressed in foreign currencies are converted to sterling at the rates of exchange ruling at the balance sheet date. Differences on foreign exchange gains and losses are included in the profit and loss account for the period. Exposure to movements in foreign exchange rates are hedged where appropriate using forward contracts.

**3.5 Revenue**

Revenue is measure at the fair value of the consideration received/receivable and represents the amount receivable for services rendered, net of value added taxes.

Success fees are recognised and reported as revenue when, under the terms of each engagement, they are unconditionally due.

Interest income is recognised using the effective interest rate method.

**3.6 Interest receivable and payable**

Interest receivable is earned on surplus cash balances and to the extent that bank balances are overdrawn interest then becomes payable.

**3.7 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3. Accounting policies (continued)**

**3.8 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3.9 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**3.10 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Remaining life of lease
Office furniture & equipment	- 3-8 years
Computer equipment	- 3-4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

3.11 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount if the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher if the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

3.12 Stocks - work in progress

Stocks - work in progress represents recoverable expenses incurred in connection with advisory assignments.

3.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.14 Cash and cash equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand

3.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
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3. Accounting policies (continued)

3.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.17 Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

3.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

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

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience. See note 16 for the new carrying amount of the debtors and associated impairment provision.

5. Turnover

Turnover, which includes foreign exchange gains and losses and excludes VAT, represents fees earned during the year together with the invoiced value of short term contracts completed in the year. Turnover also includes expenses reimbursed from clients.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	25,145	3,730,601
Rest of Europe	2,225,292	1,342,665
Rest of the world	796,251	1,151,846
	<u>3,046,688</u>	<u>6,225,112</u>

The whole of the turnover is attributable to the provision of corporate finance advisory services.

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NOTES TO THE FINANCIAL STATEMENTS  
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6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	66,950	(85,737)
Depreciation and amortisation	<u>8,149</u>	<u>6,599</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>8,475</u>	<u>8,250</u>

**Fees payable to the Company's auditor and its associates in respect of:**

All other services	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

8. Employees

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

	2019 £	2018 £
Wages and salaries	1,526,265	3,370,553
Social security costs	227,620	165,259
Cost of defined contribution scheme	151,355	109,959
	<u>1,905,240</u>	<u>3,645,771</u>

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

	2019 No.	2018 No.
Administration	3	3
Professional	16	13
	<u>19</u>	<u>16</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	390,333	1,318,123
Company contributions to defined contribution pension schemes	21,233	20,854
	<u>411,566</u>	<u>1,338,977</u>

During the year retirement benefits were accruing to 1 Directors (2018 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £191,914 (2018 - £722,714).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £21,233 (2018 - £20,854).

10. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>44,632</u>	<u>47,304</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Interest payable and similar expenses	<u>2,737</u>	<u>2,017</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	46,886	400,445
Adjustments in respect of previous periods	(12,527)	9
	<u>34,359</u>	<u>400,454</u>
<b>Total current tax</b>	<u>34,359</u>	<u>400,454</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(312)	(85,348)
<b>Total deferred tax</b>	<u>(312)</u>	<u>(85,348)</u>
<b>Taxation on profit on ordinary activities</b>	<u>34,047</u>	<u>315,106</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>245,541</u>	<u>1,423,759</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	46,653	270,514
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,749	5,810
Capital allowances for year in excess of depreciation	463	(1,322)
Adjustments to tax charge in respect of prior periods	(12,527)	9
Other short term timing differences	(1,979)	125,443
Deferred taxation	(312)	(85,348)
<b>Total tax charge for the year</b>	<u>34,047</u>	<u>315,106</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. Taxation (continued)****Factors that may affect future tax charges**

The Finance Act 2016 enacted a reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020. As this change of rate was enacted at the balance sheet date then deferred tax balances have been stated at a rate of 17%. On 17 March 2020 the Government announced their intention to cancel this reduction in the corporation tax rate. As a result the deferred tax timing differences are expected to reverse at 19%.

**13. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 January 2019	14,347
At 31 December 2019	<u>14,347</u>
<b>Amortisation</b>	
At 1 January 2019	14,347
At 31 December 2019	<u>14,347</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>-</u></u>
At 31 December 2018	<u><u>-</u></u>

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NOTES TO THE FINANCIAL STATEMENTS  
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14. Tangible fixed assets

	Long-term leasehold property £	Office equipment & Furniture £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	106,734	191,406	14,106	312,246
At 31 December 2019	106,734	191,406	14,106	312,246
<b>Depreciation</b>				
At 1 January 2019	102,441	148,647	13,848	264,936
Charge for the year on owned assets	1,057	6,834	258	8,149
At 31 December 2019	103,498	155,481	14,106	273,085
<b>Net book value</b>				
At 31 December 2019	3,236	35,925	-	39,161
<b>At 31 December 2018</b>	4,293	42,759	258	47,310

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NOTES TO THE FINANCIAL STATEMENTS  
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15. Stocks - work in progress

	2019 £	2018 £
Work in progress	<u>18,440</u>	<u>20,799</u>

16. Debtors

	2019 £	2018 £
Trade debtors	386,348	759,153
Amounts owed by group undertakings	5,979	11,552
Cash pool account with group undertaking	2,856,769	4,939,963
Other debtors	38,259	-
Prepayments and accrued income	91,241	96,321
Deferred taxation	123,809	124,121
	<u>3,502,405</u>	<u>5,931,110</u>

Trade debtors are stated after provisions for impairment of £6,413 (2018: £20,579)

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	649,340	231,588
	<u>649,340</u>	<u>231,588</u>

The Company operates a cash pool account arrangement where all of its cash balance is held with a third party bank but controlled by the parent company Pöyry Plc. The balance on this account at 31 December 2019 is receivable £2,856,769 (2018: £4,939,963) as disclosed in (note 16).

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	29,667	29,785
Amounts owed to group undertakings	9,822	171,319
Corporation tax	29,750	401,940
Other taxation and social security	58,705	143,660
Accruals and deferred income	762,185	1,727,040
	<u>890,129</u>	<u>2,473,744</u>

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

19. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Accruals and deferred income	-	649,340
	<u>-</u>	<u>649,340</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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20. Deferred taxation

	2019 £	2018 £
At beginning of year	124,121	38,773
Charged to profit or loss	(312)	85,348
<b>At end of year</b>	<b>123,809</b>	<b>124,121</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Timing differences on deferred bonus payment	123,809	124,121
	<b>123,809</b>	<b>124,121</b>

21. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
905,000 (2018 - 905,000) 'A' shares shares of £1.00 each	905,000	905,000
7,600 (2018 - 7,600) 'B' Shares shares of £1.00 each	7,600	7,600
	<b>912,600</b>	<b>912,600</b>

The A and B shares are separate classes of shares but rank *pari passu* in all respects with the exception that B shares are redeemable by the Company and A shares are not redeemable. Both hold dividend rights on a relative percentage basis.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £151,355 (2018 - £109,959). Contributions totalling £nil (2018 - £10,418) were payable to the fund at the balance sheet date and are included in creditors.

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**23. Related party transactions**

The Company had the following Related Party Transactions during the year with entities within the Pöyry Group.

During the year ended 31 December 2019 the Company received income relating to recharged expenses of £55,041 (2018: £53,002), was recharged expenses of £147,691 (2018: £148,854), and was charged a service fee of £45,915 (2018: £38,459) by Pöyry Management Consulting (UK) Ltd. As at 31 December 2019 the Company owed Pöyry Management Consulting (UK) Ltd £59,760 (2018: £49,254) and was owed £5,979 (2018: £11,552).

During the year ended 31 December 2019 the Company was recharged subconsulting expenses of £97 (2018: £1,005) from Pöyry Management Consulting Oy. As at 31 December 2019 no amounts were due between the Company and Pöyry Management Consulting Oy (2018: £Nil).

During the year ended 31 December 2019 the Company received income relating to recharged subconsulting costs of £Nil (2018: £25,567) and was recharged subconsulting costs of £17,593 (2018: £2,939) from Pöyry Management Consulting (Deutschland) GmbH. As at 31 December 2019 the Company owed Pöyry Management Consulting (Deutschland) GmbH £Nil (2018: £2,943).

During the year ended 31 December 2019 the Company was recharged subconsulting costs of £2,327 (2018: £5,759) from Pöyry (Beijing) Engineering and Consulting Company Limited. As at 31 December 2019 the Company owed Pöyry (Beijing) Engineering and Consulting Company Limited £Nil (2018: £4,136).

During the year ended 31 December 2019 the Company was recharged subconsulting costs of £489 (2018: £Nil) from Pöyry Shandong Engineering Consulting Company Limited. As at 31 December 2019 no amounts were due between the Company and Pöyry Shandong Engineering Consulting Company Limited £Nil (2018: £Nil).

During the year ended 31 December 2018 the Company was recharged subconsulting costs of £Nil (2018: £153,488) from Pöyry Tecnologia Ltd. As at 31 December 2019 the Company owed Pöyry Tecnologia Ltd £Nil (2018: £116,492).

During the year ended 31 December 2019 the Company received income relating to subconsulting of £28,846 (2018: £Nil) by Pöyry Management Consulting (France) S.A.S. As at 31 December 2019 no amounts were due between the Company and Pöyry Management Consulting (France) S.A.S (2018: £Nil).

During the year ended 31 December 2019 the Company was recharged expenses of £Nil (2018: £630) by, paid service and royalty fees of £157,145 (2018: £250,446), and received cash pool accounts interest of £44,632, (2018: £47,334) from Pöyry Plc. As at 31 December 2019 the Company owed Pöyry Plc £Nil (2018: £630) and was owed £49,944 (2018: £Nil). Pöyry Plc also controlled the cash pool account of £2,856,769 (2018: £4,939,963).

**24. Post balance sheet events**

After the reporting date, COVID-19 was declared as a global pandemic. The directors have considered the impact of COVID-19 on the Company and the accounting estimates prepared by the directors and significant assumptions, including projected cash flows, used during the year ended 31 December 2019 and do not consider it has any direct financial impact on the financial statements for the year ended 31 December 2019.

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**25. Controlling party**

The immediate and, until 21 February 2019, ultimate parent undertaking and controlling party was Pöyry Plc, a company incorporated in Finland. On 21 February 2019, 100% of the share capital of Pöyry Plc was acquired by ÅF AB forming the ÅF Pöyry Group of companies. ÅF AB subsequently changed its name to ÅF Pöyry AB. Since that date ÅF Pöyry AB is the ultimate parent company of Pöyry Capital Limited.

ÅF Pöyry AB is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of this company are available to the public and may be obtained from Frösundaleden 2A SE-169 99 Stockholm.

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