

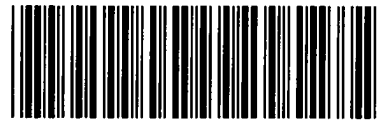
Prismm Limited

Annual report and financial statements

Registered number 03924303

For the year ended 31 December 2019

WEDNESDAY



A9KØBTKP

A15

16/12/2020

#280

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	3
Independent auditor's report to the members of Prismm Limited	4
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes	9

Directors' report

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

Principal activities

The principal activity of the Company continues to be the provision of waste collection services.

On 5 April 2019, the Company was acquired by Reconomy (UK) Limited.

Results

The profit for the year ended 31 December 2019 after taxation amounted to £411,536 (2018: £377,123).

Dividends

An interim dividend totalling £768,681 was paid during the year (2018: £120,000). The directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: £nil).

Directors

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

A Jackson	(resigned 5 April 2019)
M Jackson	(resigned 5 April 2019)
P Cox	(appointed 5 April 2019)
J Sullivan	(appointed 5 April 2019)

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

Political and charitable contributions

There were no political or charitable donations made by the Company in either year.

Going concern

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

The Directors have prepared a going concern assessment for the OS Phoenix Midco Limited Group, of which the company is a member, for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic environment due to COVID-19, including an additional period of lockdown, resulting in a reduction in revenue, and limited growth during 2021. This indicates that, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The OS Phoenix Midco Limited Group is funded through a combination of Shareholders' Funds, Secured term loans, Unsecured loan notes, intercompany balances and cash generated through operating profits. The Directors are satisfied that the maturity of these financing arrangements is sufficiently long term and there is not an immediate requirement to refinance or review the capital structure at this time. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant attached to the Secured term loans.

Those forecasts are dependent on the Group's immediate parent, OS Phoenix Topco Limited, not seeking repayment of the amounts due from the group which at the year-end amounted to £75,599k. OS Phoenix Topco Limited has indicated its intention to continue to make available such funds as are needed by the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, until such time that the Group is able to realise its assets and discharge its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Prismm Limited's ultimate parent, OS Phoenix Midco Limited, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements. Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' report (*continued*)

Disclosure of information to auditor

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

Auditor

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

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board



J Sullivan
Director

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

11 December 2020

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

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

Independent auditor's report to the members of Prismm Limited

Opinion

We have audited the financial statements of Prismm Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, and analysed how those risks might affect the Company's financial resources or a ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Directors' report

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

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

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

Independent auditor's report to the members of Prismm Limited (continued)

Matters on which we are required to report by exception

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

- a 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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



Chris Cole (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

11 December 2020

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Profit and loss account
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Turnover	2	6,313,025	5,642,484
Cost of sales		(5,373,145)	(4,742,833)
Gross profit		939,880	899,651
Administrative expenses		(478,957)	(492,150)
Other operating income		60,310	65,310
Operating profit	3	521,233	472,811
Interest receivable and similar income	6	3,429	2,745
Profit before taxation		524,662	475,556
Taxation	7	(113,126)	(98,433)
Profit for the financial year		411,536	377,123

All results are from continuing operations.

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

The notes on pages 9 to 17 form part of these financial statements.

Balance sheet
at 31 December 2019

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	8	-	9,026
Tangible assets	9	102,426	94,707
		<u>102,426</u>	<u>103,733</u>
Current assets			
Debtors	10	1,642,085	1,018,849
Cash at bank and in hand		412,145	1,115,829
		<u>2,054,230</u>	<u>2,134,678</u>
Creditors: amounts falling due within one year	11	<u>(1,402,115)</u>	<u>(1,140,533)</u>
Net current assets		<u>652,115</u>	<u>994,145</u>
Total assets less current liabilities		<u>754,541</u>	<u>1,097,878</u>
Provisions for liabilities			
Deferred Taxation	12	(13,808)	-
Net assets		<u>740,733</u>	<u>1,097,878</u>
Capital and reserves			
Share capital	13	7,000	7,000
Capital redemption reserve		3,500	3,500
Profit and loss account		730,233	1,087,378
Shareholders' funds		<u>740,733</u>	<u>1,097,878</u>

The notes on pages 9 to 17 form part of these financial statements.

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the board of directors on 11 December 2020 and were signed on its behalf by:



J Sullivan
Director

Company registered number: 03924303

Statement of changes in equity

	Share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2018	7,000	3,500	830,255	840,755
Total comprehensive income for the year				
Profit for the year	-	-	377,123	377,123
Dividends paid	-	-	(120,000)	(120,000)
Balance at 31 December 2018	7,000	3,500	1,087,378	1,097,878
	Share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2019	7,000	3,500	1,087,378	1,097,878
Total comprehensive income for the year				
Profit for the year	-	-	411,536	411,536
Dividends paid	-	-	(768,681)	(768,681)
Balance at 31 December 2019	7,000	3,500	730,233	740,733

The notes on pages 9 to 17 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

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

1.1 Company information

Prismm Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 03924303 and the registered address is Kelsall House, Stafford Court, Stafford Park 1, Telford, Shropshire TF3 3BD.

1.2 Basis of preparation

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

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

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

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

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

The financial statements are prepared on the historical cost basis.

1.3 Accounting estimates and judgements

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

The directors do not consider that there have been any key assumptions made concerning the future and other key sources of estimation uncertainty or critical accounting judgements made at the balance sheet date which may cause material adjustment to the carrying value of assets or liabilities within the next financial period, other than as disclosed in these financial statements.

1.4 Going concern

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

The Directors have prepared a going concern assessment for the OS Phoenix Midco Limited Group, of which the company is a member, for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic environment due to COVID-19, including an additional period of lockdown, resulting in a reduction in revenue, and limited growth during 2021. This indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The OS Phoenix Midco Limited Group is funded through a combination of Shareholders' Funds, Secured term loans, Unsecured loan notes, intercompany balances and cash generated through operating profits. The Directors are satisfied that the maturity of these financing arrangements is sufficiently long term and there is not an immediate requirement to refinance or review the capital structure at this time. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant attached to the Secured term loans.

Notes (continued)

1 Accounting policies (continued)

1.4 Going concern (continued)

Those forecasts are dependent on the Group's immediate parent, OS Phoenix Topco Limited, not seeking repayment of the amounts due from the group which at the year-end amounted to £75,599k. OS Phoenix Topco Limited has indicated its intention to continue to make available such funds as are needed by the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, until such time that the Group is able to realise its assets and discharge its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Prismm Limited's ultimate parent, OS Phoenix Midco Limited, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements. Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.5 Related party transactions

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

1.6 Classification of financial instruments issued by the company

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

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

1.7 Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

1 Accounting policies (continued)

1.8 Tangible fixed assets

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

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

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

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

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

Fixtures & fittings	- 2-5 years straight line
Motor vehicles	- 25% reducing balance

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

1.9 Other intangible assets

Other intangible assets includes a holding of cryptocurrency which is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.10 Impairment

Financial assets (including trade and other debtors)

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

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

1.11 Turnover

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

Revenue from services provided by the Company is recognised when the Company has performed its obligations and in exchange obtained the right to consideration.

Notes (continued)

1 Accounting policies (continued)

1.12 Expenses

Operating lease

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

Finance lease

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

Interest payable

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

1.13 Employee benefits

Defined contribution plans and other long term employee benefits

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

1.14 Taxation

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

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

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

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

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

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

2 Analysis of turnover

The whole of turnover is attributable to the principal activity of the Company being waste collection and recycling services.

All turnover arose within the United Kingdom.

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019 £	2018 £
Depreciation of tangible fixed assets	34,225	32,769
Impairment of cryptocurrency	-	13,701
Operating lease rentals:		
Other operating leases	16,333	24,500
Auditor's remuneration for the audit of these financial statements	15,000	-
	<u>15,000</u>	<u>-</u>

4 Staff numbers and costs

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

	Number of employees	
	2019	2018
Management	1	2
Sales	2	2
Operations	1	1
Administration	3	3
	<u>7</u>	<u>8</u>

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

	£	£
Wages and salaries	260,726	165,405
Social security costs	28,320	30,331
Other pension costs	13,285	14,054
	<u>302,331</u>	<u>308,853</u>

5 Directors' remuneration

	£	£
Former Directors emoluments	24,250	99,000
Company contributions to defined contribution pension schemes	1,900	7,600
	<u>26,150</u>	<u>106,600</u>

The current directors are employed and remuneration is paid by another group company. The allocation of remuneration for qualifying services provided by to this Company during the period is negligible.

6 Interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	3,429	2,745
	<u>3,429</u>	<u>2,745</u>

Notes (continued)

7 Taxation

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

	2019 £	2018 £
<i>UK corporation tax</i>		
Current tax on income for the year	99,325	98,433
Adjustments in respect of prior periods	(7)	-
Total current tax	99,318	98,433
<i>Deferred tax</i>		
Origination and reversal of timing differences	1,271	-
Adjustments in respect of prior periods	12,537	-
Total deferred tax (see note 12)	13,808	-
Total tax	113,126	98,433

Factors affecting the tax charge for the current period

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

	2019 £	2018 £
<i>Reconciliation of effective tax rate</i>		
Profit on ordinary activities before tax	524,662	475,556
Tax using the UK corporation tax rate of 19% (2018: 19%)	99,686	90,356
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,060	3,258
Depreciation in excess of capital allowances	-	2,336
Impairment of cryptocurrency disallowable	-	2,603
Relief on research and development expenditure	-	(120)
Adjustments in respect of prior periods	12,530	-
Change in tax rates	(150)	-
Total tax charge included in profit or loss	113,126	98,433

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The reversal of this reduction, before it came into effect, was substantially enacted on 17 March 2020. The deferred tax liability at 31 December 2019 has been calculated using the enacted rate at the balance sheet date of 17%.

Notes (continued)

8 Intangible assets

	Cryptocurrency £
Cost	
At beginning of year	22,727
Disposals	(22,727)
At end of year	-
Amortisation	
At beginning of year	13,701
Released on disposal	(13,701)
At end of year	-
Net book value	
At 31 December 2019	-
At 31 December 2018	9,026

9 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At beginning of year	362,345	50,780	413,125
Additions	42,182	-	42,182
Disposals	(17,239)	-	(17,239)
At end of year	387,288	50,780	438,068
Depreciation			
At beginning of year	300,234	18,184	318,418
Charge for year	26,076	8,149	34,225
Released on disposal	(17,001)	-	(17,001)
At end of year	309,309	26,333	335,642
Net book value			
At 31 December 2019	77,979	24,447	102,426
At 31 December 2018	62,111	32,596	94,707

10 Debtors

	2019 £	2018 £
Trade debtors	1,622,269	994,291
Other debtors	14,183	14,225
Prepayments and accrued income	5,633	10,333
	1,642,085	1,018,849

Notes (continued)

11 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	933,153	824,529
Corporation tax	99,325	98,440
Other taxation and social security	78,175	9,520
Other creditors	1,606	127,876
Accruals and deferred income	289,856	80,168
	<u>1,402,115</u>	<u>1,140,533</u>

12 Deferred taxation

	£
At beginning of period	-
Deferred tax charge in the profit and loss account	13,808
At end of period	<u>13,808</u>

The deferred taxation liability is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	14,081	-
Short term timing differences	(273)	-
	<u>13,808</u>	<u>-</u>

13 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
7,000 Ordinary shares of £1 each	<u>7,000</u>	<u>7,000</u>

14 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2019 £	2018 £
Less than one year	<u>-</u>	<u>12,250</u>

Notes (continued)

15 Financial Instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2019 £	2018 £
Assets measured at cost less impairment	2,054,230	2,134,678
Liabilities measured at amortised cost	<u>(1,402,115)</u>	<u>(1,140,533)</u>

16 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Reconomy (UK) Limited.

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

The ultimate parent undertaking and controlling party is OS Phoenix Topco Limited (registered in Jersey at 11-15 Seaton Place, St Helier, Jersey JE4 0QH).

17 Post balance sheet events

The unprecedented recent events related to COVID-19 have started to cause significant disruption to the global and UK economy. The duration and magnitude of this disruption and hence the impact on our financial results are impossible to predict at present. However, these events have occurred since the balance sheet date and as a result are considered to be non-adjusting post balance sheet events.