

Company Registration No. 04975936 (England and Wales)

ENVA PLASTICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



ENVA PLASTICS LIMITED

COMPANY INFORMATION

Directors	Mr T J Walsh Mr S A Woods
Company number	04975936
Registered office	Brailwood Road Bilsthorpe Newark Nottinghamshire United Kingdom NG22 8UA
Auditor	KPMG LLP 319 St Vincent Street Glasgow G2 5AS

ENVA PLASTICS LIMITED

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ENVA PLASTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

Enva Plastics Limited is a waste electrical and electronic equipment (WEEE) plastics recycling company.

Results and dividends

The results for the year are set out on page 6. The company made an operating profit of £1,108,849 (2019: £636,975) of which management consider a satisfactory result given the challenges faced in the electrical plastic industry.

No ordinary dividends were paid (2019: £Nil). The directors do not recommend payment of a final dividend.

Principal risks and uncertainties

The directors of Enva Topco Limited, the company's ultimate controlling parent, manage the group's risks at group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risk would not be appropriate for an understanding of the development, performance or position of Enva Plastics Limited's business. The principal risks and uncertainties of Enva Topco Limited, which include those of the company, are discussed in the group annual report which does not form part of this report.

Whilst COVID-19 has had, and continues to have, a significant impact on the wider economy the pandemic does not present a fundamental threat to our business model as set out in the consolidated financial statements of Enva Topco Limited and its subsidiaries for the year ended 31 March 2020.

Key performance indicators

The Directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the performance or position of the company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T J Walsh
Mr S A Woods

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic Report

A Strategic Report has not been presented in accordance with the exemption available under Companies Act 2006 s414B.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

ENVA PLASTICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

On behalf of the board



Mr S A Woods
Director

5 March 2021

ENVA PLASTICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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 101 *Reduced Disclosure Framework*.

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 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; and
- 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENVA PLASTICS LIMITED

Opinion

We have audited the financial statements of Enva Plastics Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2020 and of the company's profit for the year then ended;
- the company financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements 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 their 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 their 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 group's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. 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 this 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 this report for the financial year is consistent with the financial statements; and
- in our opinion this report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ENVA PLASTICS LIMITED

Matters on which we are required to report by exception

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

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



Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP

5 March 2021

Chartered Accountants
Statutory Auditor

319 St Vincent Street
Glasgow
G2 5AS

ENVA PLASTICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended 31 March 2020 £	11 Months ended 31 March 2019 £
Turnover	3	14,025,531	11,271,137
Cost of sales		(10,741,026)	(9,250,267)
Gross profit		3,284,505	2,020,870
Administrative expenses		(2,191,073)	(1,385,895)
Other operating income		15,417	2,000
Operating profit	4	1,108,849	636,975
Interest payable and similar expenses	6	(71,082)	(7,344)
Profit before taxation		1,037,767	629,631
Tax on profit	7	(188,133)	(46,257)
Profit and total comprehensive income for the financial year		849,634	583,374

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 23 form part of these financial statements.

ENVA PLASTICS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible fixed assets	8	7,239,668	2,943,926
Current assets			
Stocks	9	3,011,171	1,164,508
Debtors	10	4,516,026	2,537,125
Current tax recoverable		-	166,255
Cash at bank and in hand		465,864	834,972
		7,993,061	4,702,860
Creditors: amounts falling due within one year			
Creditors	11	8,602,812	3,630,898
Taxation and social security		85,080	9,294
Lease liabilities	13	171,534	75,070
		8,859,426	3,715,262
Net current (liabilities)/assets		(866,365)	987,598
Total assets less current liabilities		6,373,303	3,931,524
Creditors: amounts falling due after more than one year			
Lease liabilities	13	1,599,576	96,051
Provisions for liabilities			
Deferred tax liabilities	12	95,202	6,582
Net assets		4,678,525	3,828,891
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and loss reserves		4,677,525	3,827,891
Total equity		4,678,525	3,828,891

The accompanying notes on pages 10 to 23 form an integral part of the financial statements.

ENVA PLASTICS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the board of directors and authorised for issue on 5 March 2021
and are signed on its behalf by:



.....
Mr S A Woods
Director

Company Registration No. 04975936

ENVA PLASTICS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Retained earnings £	Total £
Balance at 1 May 2018	1,000	3,244,517	3,245,517
Period ended 31 March 2019:			
Profit and total comprehensive income for the period	-	583,374	583,374
Balances at 31 March 2019	1,000	3,827,891	3,828,891
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	849,634	849,634
Balances at 31 March 2020	1,000	4,677,525	4,678,525

The accompanying notes on pages 10 to 23 form an integral part of the financial statements.

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Adoption of new and revised standards and changes in accounting policies

The Company adopted IFRS 16 from 1 April 2019 and, therefore, this is the first set of the Company's annual financial statements where IFRS 16 has been applied.

Prior to the adoption of IFRS 16, leases where substantially all of the risks and rewards of ownership were not transferred to the Company were classified as operating leases. Rentals under operating leases were charged to operating profit on a straight-line basis over the term of the lease. IFRS 16 addresses the accounting for leases and requires lessees to recognise all leases on balance sheet with limited exemptions. This results in the recognition of a right-of-use asset (ref. note 8) and corresponding liability (ref. note 13) on the balance sheet, with the associated depreciation and interest expense being recorded in the income statement over the lease period. Limited exemptions apply for short-term leases (leases with a term of 12 months or less) and low-value leases (which have been defined as <£3000).

The payments for the exempt leases are recognised as an expense in the income statement on a straight-line basis over the lease term. The Company has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application (£nil) is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information has not been restated and continues to be reported under IAS 17 'Leases' and IFRIC 4 'Determining Whether an Arrangement contains a Lease'.

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

Company information

Enva Plastics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Brailwood Road, Bilsthorpe, Newark, Nottinghamshire, United Kingdom, NG22 8UA. The company's principal activities and nature of its operations are disclosed in the directors' report.

2.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

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

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Enva Topco Limited in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Enva Topco Limited. The group accounts of Enva Topco Limited are available to the public and can be obtained as set out in note 18.

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

2.2 Going concern

Notwithstanding net current liabilities of £866,365 as at 31 March 2020 and a profit for the year then ended of £849,634 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, as part of the Enva Topco Limited group's going concern assessment, prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on its operations and its financial resources the company will have sufficient funds, through its operating cash flows to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's fellow subsidiary company, Enva England Limited not seeking repayment of the amounts currently due to the group, which at 31 March 2020 amounted to £1,875,500. Enva England Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. 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.

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 consequently have prepared the financial statements on a going concern basis.

2.3 Turnover

Turnover is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

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

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

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

2.4 Tangible fixed assets

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

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

Freehold land and buildings	10% straight line
Fixtures and fittings	10-25% straight line
Plant and equipment	20% straight line
Motor vehicles	20% straight line

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

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

2.5 Impairment of tangible and intangible assets

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

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

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

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

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.7 Cash at bank and in hand

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

2.8 Financial assets

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

Loans and receivables

Trade Debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

2.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

2.10 Equity instruments

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

2.11 Taxation

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

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

2.12 Employee benefits

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

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

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

2.13 Retirement benefits

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

2.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

2.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

3 Turnover

	2020	2019
	£	£
Turnover analysed by class of business		
Electrical plastic recycling	14,025,531	11,271,137

Revenue is generated from the sale of goods. These are derived from sorting the waste materials we take into their constituent parts. Our processes convert these into high grade raw materials, ready for use by our customers in manufacturing new items. Our customers are primarily located in the United Kingdom with European and Overseas markets accounting for approximately 45% of revenues in recent times.

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(32,788)	-
Fees payable to the company's auditor for the audit of the company's financial statements	6,080	5,000
Depreciation of property, plant and equipment	807,730	338,112
Profit on disposal of tangible fixed assets	-	(65,000)
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Management	17	2
Operations	45	40
	<u> </u>	<u> </u>
Total	62	42
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,941,863	1,090,622
Social security costs	185,737	114,976
Pension costs	42,241	21,424
	<u> </u>	<u> </u>
	2,169,841	1,227,022
	<u> </u>	<u> </u>

Directors remuneration borne by other group companies totalled £745,936 for the Enva Topco Group. These costs, along with other shared services performed by Enva Irish Bidco Limited and Enva UK Bidco Limited, are recharged by way of a group management charge.

6 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on lease liabilities	71,082	7,344
	<u> </u>	<u> </u>

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Taxation

	2020 £	2019 £
Current tax		
Adjustments in respect of prior periods	99,513	(3,235)
Deferred tax		
Origination and reversal of temporary differences	111,446	47,237
Adjustment in respect of prior periods	(22,826)	2,255
	88,620	49,492
Total tax charge	188,133	46,257

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2020 £	2019 £
Profit before taxation	1,037,767	629,631
Expected tax charge based on a corporation tax rate of 19.00% (2019: 19.00%)	197,176	119,630
Effect of expenses not deductible in determining taxable profit	3,187	1,062
Adjustment in respect of prior years	99,513	(3,235)
Effect of change in UK corporation tax rate	(1,911)	(5,558)
Group relief	(121,455)	(38,710)
Deferred tax adjustments in respect of prior years	(22,826)	2,255
Fixed asset differences	27,053	5,775
R&D tax credit deferred	7,396	-
Other differences	-	(34,962)
Taxation charge for the year	188,133	46,257

Factors affecting the future, current and total tax charges.

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. Subsequently in the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. The UK deferred tax balances as at 31 March 2020 has therefore been calculated based on 19% as appropriate for current and future tax charges.

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Assets under construction	Fixtures and fittings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 31 March 2019	327,302	-	-	109,572	6,736,145	13,220	7,186,239
Additions	114,200	-	280,000	1,153,194	1,785,156	-	3,332,550
Transition to IFRS 16	-	1,761,282	-	-	-	9,640	1,770,922
At 31 March 2020	441,502	1,761,282	280,000	1,262,766	8,521,301	22,860	12,289,711
Accumulated depreciation and impairment							
At 31 March 2019	124,765	-	-	37,025	4,073,109	7,414	4,242,313
Charge for the year	36,284	127,322	-	34,422	601,494	8,208	807,730
At 31 March 2020	161,049	127,322	-	71,447	4,674,603	15,622	5,050,043
Carrying amount							
At 31 March 2020	280,453	1,633,960	280,000	1,191,319	3,846,698	7,238	7,239,668
At 31 March 2019	202,537	-	-	72,547	2,663,036	5,806	2,943,926

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Tangible fixed assets (Continued)

Tangible fixed assets includes right-of-use assets, as follows:

Right-of-use assets	2020 £	2019 £
Net values		
Property	1,633,960	-
Plant and equipment	114,890	229,105
Motor vehicles	3,856	-
	<u>1,752,706</u>	<u>229,105</u>
Additions	<u>1,770,922</u>	<u>-</u>
Depreciation charge for the year		
Property	127,322	-
Plant and equipment	114,215	47,053
Motor vehicles	5,784	-
	<u>247,321</u>	<u>47,053</u>

9 Stocks	2020 £	2019 £
Raw materials	2,677,768	1,035,271
Finished goods	333,403	129,237
	<u>3,011,171</u>	<u>1,164,508</u>

10 Debtors	2020 £	2019 £
Trade debtors	2,649,195	2,173,024
Provision for bad and doubtful debts	(12,481)	-
	<u>2,636,714</u>	<u>2,173,024</u>
Corporation tax recoverable	-	166,255
Amounts owed by fellow group undertakings	1,741,222	341,063
Debtors	-	23,038
Prepayments and accrued income	138,090	-
	<u>4,516,026</u>	<u>2,703,380</u>

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Debtors

(Continued)

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Amounts from fellow group undertakings have no specific repayment date, the non trading element of which carries interest at a rate of 10% per annum.

11 Creditors

	2020 £	2019 £
Trade creditors	1,405,913	1,062,397
Amounts owed to fellow group undertakings	6,142,164	2,125,039
Accruals and deferred income	1,037,195	370,952
Other creditors	17,540	72,510
	<u>8,602,812</u>	<u>3,630,898</u>

Amounts from fellow group undertakings have no specific repayment date, the non trading element of which carries interest at a rate of 10% per annum.

12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £
Deferred tax asset at 1 April 2018	(42,910)
Deferred tax movements in prior year	
Charge to profit or loss	49,492
Deferred tax liability at 1 April 2019	<u>6,582</u>
Deferred tax movements in current year	
Charge to profit or loss	88,620
Deferred tax liability at 31 March 2020	<u><u>95,202</u></u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Lease liabilities

	2020 £	2019 £
Maturity analysis		
Within one year	238,517	75,070
In two to five years	695,724	96,051
In over five years	1,267,433	-
Total undiscounted liabilities	2,201,674	171,121
Future finance charges and other adjustments	(430,564)	-
Lease liabilities in the financial statements	1,771,110	171,121

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £	2019 £
Current liabilities	171,534	75,070
Non-current liabilities	1,599,576	96,051
	1,771,110	171,121

	2020 £	2019 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	71,082	7,344

Other leasing information is included in note 16.

14 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £42,241 (2019 - £21,424).

15 Share capital

	2020 £	2019 £
Ordinary share capital		
<i>Issued and fully paid</i>		
1,000 Ordinary shares of £1 each	1,000	1,000

ENVA PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

16 Other leasing information

Lessee

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2020 £	2019 £
Operating lease commitments		
Within one year	-	167,253
Between two and five years	-	656,463
In over five years	-	948,948
	<u>-</u>	<u>1,772,664</u>

Following adoption of IFRS 16, commitments under operating leases are now recognised on the balance sheet. Information relating to lease liabilities is included in note 13.

17 Capital commitments	2020 £	2019 £
At 31 March 2020 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of tangible fixed assets	<u>-</u>	<u>55,297</u>

18 Controlling party

The immediate parent is Enva UK Opco Limited, a company incorporated in England.

The directors consider that the company is controlled by Enva Topco Limited by virtue of its indirect holding of 100% of the issued share capital of the company. Enva Topco is the ultimate controlling entity.

The largest and smallest group into which the results of the company are included is that headed by Enva Topco Limited, a company incorporated in England.

The publicly available financial statements of Enva Topco Limited can be obtained from:

Enva Topco Limited
Brailwood Road
Bilthorpe Industrial Estate
Bilthorpe
Newark
Nottinghamshire
United Kingdom
NG22 8UA