

FLOWLINE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

FLOWLINE LIMITED

COMPANY INFORMATION

Directors	Miss J Healy Mr M Singh Mr T Bouzac (appointed 13 September 2019) Mr D Whitlock (appointed 3 January 2020)
Registered number	02619447
Registered office	Rawreth Industrial Estate Rawreth Lane Rayleigh Essex SS6 9RL
Independent auditor	Scrutton Bland LLP Chartered Accountants & Statutory Auditor 820 The Crescent Colchester Business Park Colchester Essex CO4 9YQ
Bankers	Bank of Scotland Plc 35 Princes Street Ipswich Suffolk IP1 1AE

FLOWLINE LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Company Balance Sheet	10 - 11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14 - 15
Analysis of Net Debt	16
Notes to the Financial Statements	17 - 34

FLOWLINE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

Introduction

The directors present their strategic report of the company and the group for the year ended 31 July 2020.

Overview

Flowline experienced a transitional year in the year ended 31 July 2020.

A number of new customer relationships were developed, providing for a strong underlying basis to enter the new financial year to July 2020. However, the business's largest customer experienced difficulties in the period, resulting in Flowline reducing its exposure to this customer. This had a significant impact on the revenue and EBITDA for this year, but has improved the overall sustainability of earnings.

As a consequence, post-year end, Flowline has been able to engage into an accelerated growth phase to rebuild and extend its revenue.

Significant operational improvements have also been actioned, with more emphasis being put on value-added activities such as CCTV and lining works, which is having a positive impact on growth and profitability.

Because of the essential nature of its activities, Flowline has proven to be resilient to the Covid-19 crisis with limited impact being seen on forward-looking financial performance.

Business review

The company owns 100% of the share capital of Clearaway Drainage Services Limited. Clearaway Drainage Services Limited made a loss for the year of £134,207 (2019 profit - £236,348) and had net assets at the year end of £584,220 (2019 - £718,427).

The company made a loss for the year of £388,332 (2019 - £3,551,713) and had net liabilities at the year end of £3,792,516 (2019 net liabilities - £3,404,284).

The directors believe that adjusted EBITDA is the most suitable measure for the financial performance of the group. Adjusted EBITDA is defined as operating profit before depreciation, amortisation and exceptional items. Adjusted EBITDA increased to £(23,440) in the year from £(1,298,580) in 2019.

The directors are confident that whilst the group has again been faced with challenging circumstances during the year, the business has resolved these difficulties amicably and is now well positioned for growth. The business's underlying order book remains strong and is a testament to the established position of the Flowline brand in the market, and the enduring customer relationships that underpin the business's culture and success.

Principal risks and uncertainties

The risks of the business are managed by the Directors via a regular review of the group's risk registers. The business has invested in software to support the risk management procedures thereby maximising the benefits across the business.

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business. Regular cashflow forecasts are prepared to monitor and forecast working capital.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

Health and safety

The Directors consider health and safety to be an area of high importance given the business activities undertaken. The Directors provide leadership in the management of health and safety risk through regular health and safety management system reviews and site visits. A full time health and safety manager is employed to implement the health and safety processes and ensure compliance with legal requirements. The Company is accredited to the relevant independent standards (OHSAS 18001) and a live training programme is in place to ensure that all employees are trained to deliver their duties in a safe manner.

Key performance indicators

The Directors use a range of financial and non-financial key performance indicators, reported on both a weekly and monthly basis, to monitor the Company's performance over time. The range and depth of the KPI reporting has been significantly extended.

This report was approved by the board on 24 February 2021 and signed on its behalf.

Mr T Bouzac

Director

FLOWLINE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2020

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

Directors

The directors who served during the year were:

Mr M B Rowlatt (resigned 3 June 2020)
Miss J Healy
Mr M Singh
Mr T Bouzac (appointed 13 September 2019)
Mr D Whitlock (appointed 3 January 2020)

Directors indemnity

During the year the directors were covered by an indemnity insurance policy.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £388,332 (2019 - loss £2,880,741).

Future developments

The group expects to return to profitability in financial year 2021/2022.

FLOWLINE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

Financial instruments

The Group's principal financial instruments are trade debtors and trade creditors arising directly from operations. It also has the facility for invoice discounting and significant loan finance from BGF Investments LP the ultimate controlling party. Information regarding liquidity and cash flow risks are included in the strategic report.

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 and the Group'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 and the Group's auditor is aware of that information.

This report was approved by the board on 24 February 2021 and signed on its behalf.

Mr T Bouzac
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

Opinion

We have audited the financial statements of (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company 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 Group's and of the parent Company's affairs as at 31 July 2020 and of the Group's loss 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 Group 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 Group's or the parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF (CONTINUED)

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. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Timothy O'Connor (Senior Statutory Auditor)

for and on behalf of

Scrutton Bland LLP

Chartered Accountants

Statutory Auditor

820 The Crescent

Colchester Business Park

Colchester

Essex

CO4 9YQ

24 February 2021

FLOWLINE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (INCLUDING THE PROFIT AND LOSS ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2020**

	Note	2020 £	2019 £
Turnover	4	9,578,137	9,682,095
Cost of sales		(4,999,853)	(5,197,760)
Gross profit		4,578,284	4,484,335
Distribution costs		(2,418,746)	(3,076,485)
Administrative expenses		(2,379,773)	(2,752,339)
Other operating income		92,841	-
Operating loss	5	(127,394)	(1,344,489)
Amounts written off goodwill		-	(482,195)
Interest payable and expenses	9	(260,938)	(1,043,364)
Loss before taxation		(388,332)	(2,870,048)
Tax on loss	10	-	(10,693)
Loss for the financial year		(388,332)	(2,880,741)

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income (including the profit and loss account).

The notes on pages 17 to 34 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	1,727,623	1,745,324
		<u>1,727,623</u>	<u>1,745,324</u>
Current assets			
Stocks	14	17,820	14,886
Debtors: amounts falling due within one year	15	2,798,158	2,108,086
Bank and cash balances		181,620	14,973
		<u>2,997,598</u>	<u>2,137,945</u>
Creditors: amounts falling due within one year	16	(7,309,122)	(6,178,908)
Net current liabilities		<u>(4,311,524)</u>	<u>(4,040,963)</u>
Total assets less current liabilities		<u>(2,583,901)</u>	<u>(2,295,639)</u>
Creditors: amounts falling due after more than one year	17	(1,208,615)	(1,108,545)
Net liabilities		<u><u>(3,792,516)</u></u>	<u><u>(3,404,184)</u></u>
Capital and reserves			
Called up share capital	21	27,927	35,750
Share premium account		889,110	889,110
Capital redemption reserve		8,073	250
Profit and loss account		(4,717,626)	(4,329,294)
		<u><u>(3,792,516)</u></u>	<u><u>(3,404,184)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 February 2021.

Mr T Bouzac
Director

Miss J Healy
Director

The notes on pages 17 to 34 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 JULY 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	1,471,936	1,634,762
Investments	13	584,220	718,427
		<u>2,056,156</u>	<u>2,353,189</u>
Current assets			
Stocks	14	10,257	14,886
Debtors: amounts falling due within one year	15	2,597,205	1,873,656
Bank and cash balances		111,514	13,279
		<u>2,718,976</u>	<u>1,901,821</u>
Creditors: amounts falling due within one year	16	(7,498,704)	(5,709,608)
Net current liabilities		<u>(4,779,728)</u>	<u>(3,807,787)</u>
Total assets less current liabilities		<u>(2,723,572)</u>	<u>(1,454,598)</u>
Creditors: amounts falling due after more than one year	17	(1,068,944)	(1,949,586)
Net liabilities		<u><u>(3,792,516)</u></u>	<u><u>(3,404,184)</u></u>

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2020

	Note	31 July 2020 £	31 July 2019 £
Capital and reserves			
Called up share capital	21	27,927	35,750
Share premium account		889,110	889,110
Capital redemption reserve		8,073	250
Profit and loss account		(4,717,626)	(4,329,294)
		<u>(3,792,516)</u>	<u>(3,404,184)</u>

The company made a loss after tax for the year of £388,332 (2019: £3,551,713)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 February 2021.

Mr T Bouzac
Director

Miss J Healy
Director

The notes on pages 17 to 34 form part of these financial statements.

FLOWLINE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2019	35,750	889,110	250	(4,329,294)	(3,404,184)
Comprehensive income for the year					
Loss for the year	-	-	-	(388,332)	(388,332)
Purchase of own shares	-	-	7,823	-	7,823
Disposal of shares	(7,823)	-	-	-	(7,823)
At 31 July 2020	27,927	889,110	8,073	(4,717,626)	(3,792,516)

The notes on pages 17 to 34 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2018	50,640	889,110	250	(1,448,553)	(508,553)
Comprehensive income for the year					
Loss for the year	-	-	-	(2,880,741)	(2,880,741)
Transfer of A preferential shares	(14,890)	-	-	-	(14,890)
At 31 July 2019	35,750	889,110	250	(4,329,294)	(3,404,184)

The notes on pages 17 to 34 form part of these financial statements.

FLOWLINE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2019	35,750	889,110	250	(4,329,294)	(3,404,184)
Comprehensive income for the year					
Loss for the year	-	-	-	(388,332)	(388,332)
Purchase of own shares	-	-	7,823	-	7,823
Disposal of shares	(7,823)	-	-	-	(7,823)
At 31 July 2020	27,927	889,110	8,073	(4,717,626)	(3,792,516)

The notes on pages 17 to 34 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2018	50,640	889,110	250	(777,581)	162,419
Comprehensive income for the year					
Loss for the year	-	-	-	(3,551,713)	(3,551,713)
Transfer of A preferential shares	(14,890)	-	-	-	(14,890)
At 31 July 2019	35,750	889,110	250	(4,329,294)	(3,404,184)

The notes on pages 17 to 34 form part of these financial statements.

FLOWLINE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020**

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(388,332)	(2,880,741)
Adjustments for:		
Depreciation of tangible assets	338,786	345,351
Impairments of fixed assets	-	482,195
Profit on disposal of tangible assets	(234,832)	(173,169)
Interest payable	260,938	571,676
Taxation charge	-	10,693
(Increase)/decrease in stocks	(2,933)	1,627
(Increase)/decrease in debtors	(690,072)	1,058,233
Increase in creditors	1,360,272	525,681
Net cash generated from operating activities	643,827	(58,454)
Cash flows from investing activities		
Purchase of tangible fixed assets	(96,160)	(25,008)
Sale of tangible fixed assets	26,431	256,798
Net cash from investing activities	(69,729)	231,790
Cash flows from financing activities		
Other new loans	50,000	-
Repayment of finance leases	(359,252)	(161,117)
Movements on invoice discounting	(1,387)	5,084
Loan interest paid	(62,181)	(117,176)
Hire purchase interest paid	(34,631)	(87,839)
Net cash used in financing activities	(407,451)	(361,048)
Net increase/(decrease) in cash and cash equivalents	166,647	(187,712)

FLOWLINE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

	2020 £	2019 £
Cash and cash equivalents at beginning of year	14,973	202,685
Cash and cash equivalents at the end of year	181,620	14,973
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	181,620	14,973
	181,620	14,973

The notes on pages 17 to 34 form part of these financial statements.

FLOWLINE LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 JULY 2020**

	At 1 August 2019	Cash flows	Other non-cash changes	At 31 July 2020
	£	£	£	£
Cash at bank and in hand	14,973	166,647	-	181,620
Debt due after 1 year	-	(50,000)	-	(50,000)
Debt due within 1 year	(2,200,000)	-	-	(2,200,000)
Finance leases	(1,134,561)	359,252	(180,651)	(955,960)
	<u>(3,319,588)</u>	<u>475,899</u>	<u>(180,651)</u>	<u>(3,024,340)</u>

The notes on pages 17 to 34 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

1. General information

Flowline Limited is a private company limited by share capital incorporated in England and Wales, registered number 02619447.

Its registered office is Rawreth Industrial Estate, Rawreth Lane, Rayleigh, Essex SS6 9RL.

Its principal activity is that of drainage services.

The statutory accounting reference date is 29 July 2020 (2019 - 29 July 2019) but the financial statements have been prepared to 31 July 2020 (2019 - 31 July 2019) in order that the period covered by the financial statements is consistent with last year.

2. Accounting policies

2.1 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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The company has taken advantage of the exemption not to present its individual statement of cash flows.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.3 Going concern

The impact of the coronavirus will have a very significant effect on the economy, although the company has largely been able to continue with its trading activities while following government guidance and implementing social distancing in accordance with that guidance. The future of the world economy is unclear at this present time due to the ongoing COVID-19 outbreak and it is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

The company's significant shareholder the Business Growth Fund (BGF), which is also the provider of loan finance, has confirmed that its relationship remains supportive and that its intention is to continue this support for a period of at least twelve months from the signing of the financial statements.

The group has a net liability position of £3,792,516 at the year end, within the balance sheet are liabilities totalling £3,119,246 owed to BGF in relation to dividends, loans and interest accrued. BGF have formally waived these liabilities for a period of at least twelve months from the signing of the financial statements.

In addition, detailed forecasts have been prepared and reviewed by the directors and they have concluded that the company will be able to continue trading for a period of at least twelve months from the date of signing the accounts and as such it is appropriate to prepare the accounts on the going concern basis.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 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 JULY 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on cost and reducing balance basis.

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% to 25% on cost
Plant and machinery	-	15% to 33% on cost and reducing balance
Motor vehicles	-	20% to 50% on cost and reducing balance
Office equipment	-	25% on reducing balance

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 profit or loss.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 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 JULY 2020

2. Accounting policies (continued)

2.10 Amounts recoverable on contracts

Amounts recoverable on contracts are recorded at sales value estimated to be recovered and are measured at a percentage of the completion of the contracts concerned.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 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 other third parties, and loans from related parties.

2.13 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.

2.14 Share capital - A Ordinary shares

The A Ordinary shareholders are entitled to receive a cumulative preferential dividend equal to the higher of the Minimum Fixed Return as defined in the Articles of Association and 10% of Net Profits prior to any distribution being made to the holders of the Ordinary shares. The preferential dividends are payable in respect of each financial year commencing from 1 August 2019.

The Articles of Association state that the cumulative preferential dividend will cease on the date an independent third party acquires all of the Equity shares. It is anticipated by the directors that this will occur by 31 July 2022. As a result, the A Ordinary shares have been accounted for as a liability and three years preferential dividends were accrued for in the year ended 31 July 2019. Previously, the directors had assessed that the sale would occur before the preferential shares became payable and as such the A Ordinary shares had been treated as equity.

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.16 Operating leases

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

2.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

2.18 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.19 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Amounts recoverable on contracts are valued based upon an estimate of the stage of completion as at the Balance Sheet date and applications made based upon those estimates. The carrying value of amounts recoverable on contracts in the Group financial statements at the Balance Sheet date was £1,546,998 (2019 - £964,372).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Drainage services	9,578,137	9,682,095
	<u>9,578,137</u>	<u>9,682,095</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	338,786	345,351
Impairment/amortisation of intangible fixed assets, including goodwill	-	482,195
Defined contribution pension cost	<u>109,417</u>	<u>99,428</u>

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>17,330</u>	<u>16,820</u>

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

Audit of subsidiary company	8,670	8,420
All other services	<u>3,460</u>	<u>3,360</u>
	<u>12,130</u>	<u>11,780</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

7. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	4,237,100	4,680,359	3,377,099	4,058,794
Social security costs	447,896	497,305	347,767	430,680
Cost of defined contribution scheme	109,417	99,449	88,957	90,235
	<u>4,794,413</u>	<u>5,277,113</u>	<u>3,813,823</u>	<u>4,579,709</u>

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Management	11	11	9	11
Operational	61	104	48	90
Administration	10	13	8	10
	<u>82</u>	<u>128</u>	<u>65</u>	<u>111</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	472,420	280,879
Company contributions to defined contribution pension scheme	28,074	13,439
	<u>500,494</u>	<u>294,318</u>

During the year retirement benefits were accruing to 3 directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid director received emoluments of £184,861 (2019 - £140,496).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,362 (2019 - £8,464).

At the year end the company owed £13,672 to directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	69,425	36,412
Other loan interest payable	112,335	919,113
Finance leases and hire purchase contracts	79,178	87,839
	<u>260,938</u>	<u>1,043,364</u>

10. Taxation

	2020 £	2019 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	10,693
Total deferred tax	<u>-</u>	<u>10,693</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>10,693</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs to the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(388,332)</u>	<u>(2,359,479)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(73,783)	(545,309)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	91,617
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	25,596	13,609
Capital allowances for year in excess of depreciation	(39,823)	-
Other assets not qualifying for capital allowance purposes	400	-
Movement in pension fund loading to an increase (decrease) in tax	1,403	-
Short term timing difference leading to an increase (decrease) in taxation	20,636	69,667
Unrelieved tax losses carried forward	65,571	256,379
Other differences leading to an increase (decrease) in the tax charge	-	124,730
Total tax charge for the year	<u>-</u>	<u>10,693</u>

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £388,332 (2019 - loss £3,551,713).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

12. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 August 2019	142,500	3,257,720	335,588	119,055	3,854,863
Additions	-	272,283	85,000	6,077	363,360
Disposals	-	(417,016)	(5,882)	(552)	(423,450)
At 31 July 2020	142,500	3,112,987	414,706	124,580	3,794,773
Depreciation					
At 1 August 2019	85,375	1,701,702	247,339	75,123	2,109,539
Charge for the year	1,500	293,505	32,701	11,080	338,786
Disposals	-	(375,378)	(5,581)	(216)	(381,175)
At 31 July 2020	86,875	1,619,829	274,459	85,987	2,067,150
Net book value					
At 31 July 2020	55,625	1,493,158	140,247	38,593	1,727,623
At 31 July 2019	57,125	1,556,018	88,249	43,932	1,745,324

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	937,372	1,045,807
Motor vehicles	152,439	81,994
	<u>1,089,811</u>	<u>1,127,801</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

12. Tangible fixed assets (continued)

Company

	Long-term leasehold property	Plant and machinery	Motor vehicles	Office equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 August 2019	142,500	2,435,595	335,588	119,055	3,032,738
Additions	-	56,796	85,000	6,077	147,873
Disposals	-	(60,356)	(5,882)	(552)	(66,790)
At 31 July 2020	<u>142,500</u>	<u>2,432,035</u>	<u>414,706</u>	<u>124,580</u>	<u>3,113,821</u>
Depreciation					
At 1 August 2019	85,375	990,139	247,339	75,123	1,397,976
Charge for the year	1,500	223,712	32,701	11,080	268,993
Disposals	-	(19,287)	(5,581)	(216)	(25,084)
At 31 July 2020	<u>86,875</u>	<u>1,194,564</u>	<u>274,459</u>	<u>85,987</u>	<u>1,641,885</u>
Net book value					
At 31 July 2020	<u>55,625</u>	<u>1,237,471</u>	<u>140,247</u>	<u>38,593</u>	<u>1,471,936</u>
At 31 July 2019	<u>57,125</u>	<u>1,445,456</u>	<u>88,249</u>	<u>43,932</u>	<u>1,634,762</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	773,543	992,597
Motor vehicles	127,439	81,994
	<u>900,982</u>	<u>1,074,591</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

13. Fixed asset investments

Clearaway Drainage Services Limited is a subsidiary undertaking of the Company and is included in these financial statements. Its registered office is Rawreth industrial estate, Rawreth Lane, Rayleigh, Essex, SS6 9RL.

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2019	718,427
Amounts written off	(134,207)
	<hr/>
At 31 July 2020	<u><u>584,220</u></u>

During the previous year and continuing in the current year, many of the activities previously undertaken by the subsidiary company were taken on by Flowline Limited. This occurred as a result of the ongoing rationalisation of the group. As a result, the value of the investment in the subsidiary was written down to reflect the net asset position of that company in the previous year.

It is anticipated that the subsidiary will become dormant by 31 July 2021.

14. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials and consumables	17,820	14,886	10,257	14,886
	<hr/>	<hr/>	<hr/>	<hr/>
	<u><u>17,820</u></u>	<u><u>14,886</u></u>	<u><u>10,257</u></u>	<u><u>14,886</u></u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

15. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due within one year				
Trade debtors	930,308	834,630	753,068	670,900
Other debtors	22,267	17,827	16,968	12,769
Prepayments and accrued income	298,585	291,257	280,171	250,302
Amounts recoverable on long term contracts	1,546,998	964,372	1,546,998	939,685
	<u>2,798,158</u>	<u>2,108,086</u>	<u>2,597,205</u>	<u>1,873,656</u>

16. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Other loans	2,200,000	2,200,000	2,200,000	2,200,000
Trade creditors	1,019,787	736,859	672,963	597,720
Amounts owed to group undertakings	-	-	1,003,752	-
Amounts owed to other participating interests	-	200,000	-	200,000
Other taxation and social security	1,289,698	450,540	1,069,111	342,877
Obligations under finance lease and hire purchase contracts	308,664	333,585	254,886	309,593
Balance advanced on debtors	1,298,711	1,300,098	1,183,146	1,158,250
Other creditors	105,879	6,472	85,152	-
Accruals and deferred income	1,086,383	951,354	1,029,694	901,168
	<u>7,309,122</u>	<u>6,178,908</u>	<u>7,498,704</u>	<u>5,709,608</u>

The balance advanced on debtors is secured against the book debts of the company.

The balance of obligations under finance lease and hire purchase contracts shown as due within and due after one year is secured against the assets concerned.

The other loans shown as due within and due after one year are secured by way of a fixed and floating charge over the assets of the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Other loans	50,000	-	50,000	-
Net obligations under finance leases and hire purchase contracts	647,296	800,976	507,625	796,015
Amounts owed to group undertakings	-	-	-	846,002
Other creditors	511,319	307,569	511,319	307,569
	<u>1,208,615</u>	<u>1,108,545</u>	<u>1,068,944</u>	<u>1,949,586</u>

18. Loans

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due within one year				
Other loans	2,200,000	2,200,000	2,200,000	2,200,000
	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>
Amounts falling due 1-2 years				
Other loans	50,000	-	50,000	-
	<u>2,250,000</u>	<u>2,200,000</u>	<u>2,250,000</u>	<u>2,200,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Within one year	362,237	333,585	308,593	309,593
Between 1-5 years	596,034	784,301	456,363	779,342
Over 5 years	-	16,673	-	16,673
	<u>958,271</u>	<u>1,134,559</u>	<u>764,956</u>	<u>1,105,608</u>

20. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets measured at fair value through profit or loss	<u>2,499,573</u>	<u>1,816,829</u>	<u>2,317,034</u>	<u>1,623,354</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(5,760,760)</u>	<u>(5,498,408)</u>	<u>(6,224,707)</u>	<u>(5,164,707)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts recoverable on contracts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and other loans.

21. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
5,492 (2019 - 19,639) Ordinary shares of £1.00 each	5,492	19,639
22,435 (2019 - 16,111) B Ordinary shares of £1.00 each	22,435	16,111
	<u>27,927</u>	<u>35,750</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

21. Share capital (continued)

At 31 July 2020 the company held 0 Ordinary shares (2019 - 12,319) and 0 B Ordinary shares (2019 - 3,800) as Treasury shares.

The Ordinary shares carry voting rights and have the right to dividends.

There are 18,617 (2019: 14,890) A Ordinary shares in issue at the year end. The shareholders are entitled to receive a cumulative preferential dividend equal to the higher of the Minimum Fixed Return as defined in the Articles of Association and 10% of Net Profits prior to any distribution being made to the holders of the Ordinary shares. The preferential dividends are payable in respect of each financial year commencing from 1 August 2019.

The Articles of Association state that the cumulative preferential dividend will cease on the date an independent third party acquires all of the Equity shares. It is anticipated by the directors that this will occur by 31 July 2022. As a result, the A Ordinary shares have been accounted for as a liability and three years preferential dividends have been accrued.

The B Ordinary shares carry no voting rights. The economic rights of the B Ordinary shares are the same as the Ordinary shares.

22. Commitments under operating leases

At 31 July 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	618,184	798,504	611,906	797,828
Later than 1 year and not later than 5 years	926,851	776,730	918,790	776,116
Later than 5 years	104,995	170,995	103,995	170,995
	<u>1,650,030</u>	<u>1,746,229</u>	<u>1,634,691</u>	<u>1,744,939</u>

Total operating lease charges of the group made to profit and loss for the year were £798,504 (2019: £747,874).

Total operating lease charges of the company made to profit and loss for the year £797,828 (2019: £735,533).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

23. Contingent liabilities

The A Ordinary shares carry a right to a cumulative preferential dividend of a minimum of £200,000 per annum for each financial year commencing from 1 August 2019. Such dividends will cease on the date an independent third party acquires all of the equity shares. It is anticipated by the directors that this sale will occur by 31 July 2022. As a result, the A Ordinary shares have been accounted for as a liability on the basis that three years of preferential dividends will be payable.

The repayment terms for the loan notes were breached and new repayment dates have been negotiated. The loan financiers, who are also shareholders, have not invoked any of the default penalties or demanded payment of any redemption payments due.

24. Related party transactions

At the year end the company owed Clearaway Drainage Services Limited £1,003,752 (2019: £846,002)

At the year end the company owed BGF Investments LP £2,200,000 (2019: £2,200,000). Of these loans £2,200,000 was repayable within one year and redemption premiums of 50% are payable each time a capital repayment is made.

During the year fees were paid to BGF Investments LP amounting to £61,409 (2019: £56,415), and interest accrued is payable of £258,197 (2019: 310,252).

BGF have formally deferred payment of the interest and capital due on the outstanding loans such that no payments fall due for a period of at least 12 months from signing of the financial statements.

Remuneration paid to the key management personnel of the company was £500,494 (2019: £294,318).

25. Controlling party

The ultimate controlling party is BGF Investments LP as they exercise control through their shareholding and the provision of loan finance to the business.

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.