

Company Registration No. 10692707 (England and Wales)

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



ENVA TOPCO LIMITED

COMPANY INFORMATION

Directors

Mr T E Easingwood
Mr J M Gunton
Mr J Moore
Mr M T Tracey
Mr N J Wall
Mr T J Walsh
Mr S A Woods

Company number

10692707

Registered office

Brailwood Road
Bilsthorpe
Newark
Nottinghamshire
United Kingdom
NG22 8UA

Auditor

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

ENVA TOPCO LIMITED

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ENVA TOPCO LIMITED

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ENVA TOPCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the Strategic Report and consolidated financial statements of Enva Topco Limited and its subsidiaries for the year ended 31 March 2020, hereinafter referred to as the 'Group'. The Company accounts of Enva Topco Limited are set out from page 51.

Review of the business

The directors are pleased with an EBITDA result, pre-exceptional costs, of £50.7m for the year ended 31 March 2020 (2019 - £36.9m). This result includes an increase of £6.5m EBITDA due to the transition to IFRS 16. Exceptional costs (comprising of legal and professional fees, rebranding and restructuring costs and stamp duty) have been segregated from the underlying trading performance as these are non-recurring items associated with the Group's transformation programme.

With a strong competitive position in the market, our specialist waste entities have performed strongly, providing tailored resource recovery solutions across a wide range of industries. Our recycling entities (previously referred to as General Waste) have also continued creating value through the recovery and recycling of waste materials.

A number of key initiatives which drive internal efficiencies have continued from the prior year. These include IT projects and a significant strengthening of the management team. During the year, we also continued to rebrand our businesses within the UK and Ireland. This has helped to increase our profile and visibility within the marketplace.

In line with our growth strategy objective, we were delighted to acquire a number of businesses during the year to complement our existing mix of diverse and innovative resource recovery businesses.

Collectively, these acquisitions are in line with our growth strategy of acquiring quality resource recovery businesses and are another significant step in the Group's development.

Development and performance

The board continues its strategy of increasing the depth and breadth of recycling activities by investing in operational improvements, branding, systems and infrastructure. It is also committed to research and development, endeavouring to develop innovative waste solutions focussing on end of waste criteria whereby certain waste ceases to be classified as waste and instead becomes a product or secondary raw material. The board considers acquisition opportunities which are in keeping with this strategy.

Principal risks and uncertainties

The Directors have identified the need to manage the Group's material financial risks, including foreign exchange, credit, liquidity and interest rate risks. These risks are monitored by the Directors on a continuous basis. Details of the Group's policies and objectives in financial risk management are set out in note 19 of the financial statements.

At an operating subsidiary level, key business risks include health and safety, Brexit, Covid-19 and pricing volatility in the commodities market. These are discussed further below.

Health and safety

Continuous improvement of our safety performance is a key priority and responsibility for all line managers and directors who are supported by experienced health and safety functions in each business. The health and safety performance of each business is reviewed regularly by the Group Board and senior management across the division. Through the use of relevant key performance indicators, the Board is focused on driving continuous improvement across all aspects of health and safety performance, including lost time incidents (LTIs), road traffic accidents (RTAs), safety awareness and safety culture.

ENVA TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Brexit

We have reviewed our operations in the light of Brexit and concluded that the products and services supplied by Enva to our customers are not expected to be significantly impacted by it. Whilst the UK Government is still in negotiations on the planned exit from the EU on the 31st December 2020, there is no reason to expect significant changes to the operations of the Group's business.

The majority of the services supplied are to customers within either the Republic of Ireland (ROI) or the United Kingdom (UK). The waste materials we manage are generally processed for re-use domestically within the ROI or the UK or, in the case of the ROI, exported to partners in other EU countries for further treatment. The products that we manufacture generally use raw materials sourced domestically from within the ROI or the UK respectively.

A small percentage of UK-origin waste is exported to the EU in the form of alternative fuel products. In these cases, we are comfortable that the regulatory regimes supporting such trans-frontier waste movements will survive, even in a no-deal Brexit scenario albeit, in line with the rest of the UK economy, we may face some short-term logistical challenges.

Impact of COVID-19

The COVID-19 pandemic represents a challenge, unprecedented in modern times, for businesses both in the UK and overseas. Although its effects are uneven across the economy, many sectors have been severely affected and none have been left untouched.

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. Since the widespread lockdowns in April 2020 we have seen stronger than anticipated demand recovery across most Enva service lines. Furthermore, the diversity of the businesses across the Group protects us from any sector specific shocks and allows us to capitalise on new opportunities to enhance our business.

Throughout we have taken measures to prioritise the safety and wellbeing of our people. Due to the ongoing risk presented by COVID-19 we have had to adapt our working practices to protect our staff. Enva has taken effective measures to reduce COVID-19 risk in inherently risky workplace conditions; including the introduction of working from home, staggered shift patterns, mandatory temperature testing and encouraging a culture which is open and responsive to concerns.

Pricing volatility in the commodities market

A principal risk for the Group is a further fall in world commodity prices. The price risk associated with commodities is considered to be in the ordinary course of business for the Group. Where we are able, we negotiate index-linked prices to mitigate the impact of such fluctuations.

Key performance indicators

Key performance indicators include:

	2020	2019
	£000	£000
Revenue	292,555	227,305
EBITDA pre exceptional costs*	50,730	36,889

*March 2020 results include a £6.5m increase as a result of transitioning to IFRS 16

	2020	2019
Net Leverage at 31 March	4.63:1	3.82:1

ENVA TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Net leverage above is the ratio of net debt to proforma EBITDA, pre exceptionals and monitoring costs. This is continuously monitored and reported to our lenders on a quarterly basis.

Key non-financial performance indicators include the monitoring of health and safety throughout the Group. This information is presented at each Company and Group board meeting and takes priority for discussion at the start of each meeting above all other matters.

S172 Statement

Employee engagement

Employee engagement is critical and employee news bulletins and briefings are regularly undertaken. The Group's new intranet digital platform is also regularly updated. The business constantly strives for excellence in health and safety to ensure that a safe place of work is provided to all employees. Employees are actively encouraged to make suggestions on how the business can become even safer and near miss reporting is promoted across the business.

Other stakeholders

The company views, as key to its success, positive interactions with all other stakeholders including customers, suppliers and others relevant parties such as government agencies and the local community. There are on-going periodic communications and interactions with all of these parties including: -

- Weekly, monthly and quarterly conference calls and meetings with customers to review performance to date (delivery, quality, price, responsiveness, etc), future business requirements and any other relevant information
- Periodic meetings with suppliers to discuss performance and on-going requirements
- Regular site visits with Environmental regulatory bodies
- Regular site visits with Health and Safety regulators
- Sponsorship of local charities

ENVA TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Carbon emissions and energy reporting

Greenhouse gas emissions and energy use date for the period 1 April 2019 to 31 March 2020

Energy consumptions used to calculate emissions (kWh)	160,018,643
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Scope 1 emissions in metric tonnes CO₂e

Gas Consumption	8,060
Fleet - Road Vehicles	18,404
Fleet - Site Vehicles	4,305
Total Scope 1	30,769

Scope 2 emissions in metric tonnes CO₂e

Purchased electricity	8,426
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Scope 3 emissions (insofar as measured/captured) in metric tonnes

CO ₂ e Business travel in employee owned vehicles	190
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Total gross emissions in metric tonnes CO₂e	39,385
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Intensity ratio Tonnes CO₂e per £m Turnover	134
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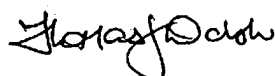
Quantification and reporting methodology

We have followed 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is the total gross emissions in metric tonnes CO₂e per £m Turnover, as set out in Annex F of the 2019 HM Government Environmental Reporting Guidelines.

On behalf of the board



Thomas J Walsh
Director

11 December 2020

ENVA TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their Directors' Report and consolidated financial statements of Enva Topco Limited and its subsidiaries for the year ended 31 March 2020.

Principal activities

Enva Topco Limited is the ultimate parent of Enva, a leading provider of end-to-end waste management solutions in the UK and Ireland.

The Directors are of the opinion that the Group is in the majority owned by Exponent Private Equity Partners GP III, LP, whose registered office address is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

Results and dividends

The results for the year are set out on page 10. An operating profit pre-exceptional costs of £19.8m was achieved in the year ended 31 March 2020 (2019 - £16.7m) with performance in the year discussed further in the Strategic Report on page 1.

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

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 E Easingwood
Mr J M Gunton
Mr J Moore
Mr M T Tracey
Mr N J Wall
Mr T J Walsh
Mr S A Woods

Employee involvement

The Group has over 1,600 employees (2019 - 1,400 employees) as at 31 March 2020. The Directors recognise that the Group's employees are fundamental to the ongoing success of the business. We seek to develop our employees as illustrated by a policy of promoting from within the organisation wherever possible.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Auditor

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

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 Group's auditor is aware of that information.

ENVA TOPCO LIMITED

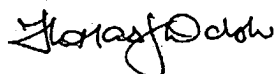
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Going concern

The directors are confident that having reviewed the company's outlook, taking account of possible downsides and the impact of COVID-19 on its operations and its financial resources, the company has adequate resources and funding to continue in operation and to enable it to pay its debts as they fall due. In addition, the outlook indicates that the relevant banking covenants will be met throughout the forecast period. The directors, therefore, consider it appropriate to adopt the going concern basis in preparing these financial statements.

On behalf of the board



Thomas J Walsh
Director

Date: 11 December 2020

ENVA TOPCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ENVA TOPCO LIMITED

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

Opinion

We have audited the financial statements of Enva Topco Limited (the 'Group') for the year ended 31 March 2020 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows 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 group's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- 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 group 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 group or the company or to cease their operations, and as they have concluded that the group and 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 group and 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 group or the company will continue in operation.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

ENVA TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ENVA TOPCO 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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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 group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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

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

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

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



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

11 December 2020

Chartered Accountants
Statutory Auditor

319 St Vincent Street
Glasgow
G2 5AS

ENVA TOPCO LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000	2019 £000
Revenue	4	292,554	227,305
Cost of sales		(240,910)	(184,076)
Gross profit		51,644	43,229
Other operating income		1,000	1,465
Administrative expenses		(32,808)	(27,979)
Exceptional items	5	(6,622)	(7,566)
Operating profit	6	13,214	9,149
<i>Operating profit reconciles to management's key performance indicator, EBITDA pre exceptionals as follows:</i>			
Operating profit	6	13,214	9,149
Exceptional items	5	6,622	7,566
Depreciation and amortisation	6	30,894	20,174
EBITDA pre-exceptionals	32	50,730	36,889
Finance income	10	285	437
Finance costs	11	(29,375)	(20,782)
Loss before taxation		(15,876)	(11,196)
Income tax income/(expense)	12	110	(1,532)
Loss for the year		(15,766)	(12,728)

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

ENVA TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000	2019 £000
Loss for the year		<u>(15,766)</u>	<u>(12,728)</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Currency translation differences		<u>1,944</u>	<u>(66)</u>
Items that may be reclassified to profit or loss			
Fair value movement on cash flow hedge	27	84	(1,016)
Tax relating to items that may be reclassified	27	<u>(20)</u>	<u>148</u>
Total other comprehensive income for the year		<u>2,008</u>	<u>(934)</u>
Total comprehensive income for the year		<u>(13,758)</u>	<u>(13,662)</u>

ENVA TOPCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Goodwill	13	70,177	61,690
Intangible assets	13	157,214	161,303
Property, plant and equipment	14	134,368	93,168
Deferred tax asset	22	184	146
		<u>361,943</u>	<u>316,307</u>
Current assets			
Inventories	16	7,335	4,479
Trade and other receivables	17	58,142	50,564
Current tax recoverable		1,445	-
Cash and cash equivalents		21,526	15,732
		<u>88,448</u>	<u>70,775</u>
Total assets		<u>450,391</u>	<u>387,082</u>
Current liabilities			
Trade and other payables	20	62,763	52,798
Current tax liabilities		-	1,392
Lease liabilities	21	4,926	162
Borrowings	18	1,047	-
Provisions	23	626	716
		<u>69,362</u>	<u>55,068</u>
Net current assets		<u>19,086</u>	<u>15,707</u>
Non-current liabilities			
Trade and other payables	20	4,060	6,453
Borrowings	18	364,776	326,586
Derivative financial instruments	28	461	22
Deferred tax liabilities	22	20,046	20,987
Long term provisions	23	3,831	3,980
Lease liabilities	21	27,899	272
		<u>421,073</u>	<u>358,300</u>
Total liabilities		<u>490,435</u>	<u>413,368</u>
Net liabilities		<u>(40,044)</u>	<u>(26,286)</u>

ENVA TOPCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
Equity			
Called up share capital	25	2	2
Share premium account	26	988	988
Hedging reserve	27	(798)	(862)
Translation reserve		1,975	31
Retained earnings		(42,211)	(26,445)
Total equity		<u>(40,044)</u>	<u>(26,286)</u>

The financial statements were approved by the board of directors and authorised for issue on 11 December 2020 and are signed on its behalf by:



Thomas J Walsh
Director

Company Registration No. 10692707

ENVA TOPCO LIMITED

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

		Share capital	Share premium account	Hedging reserve	Translation reserve	Retained earnings	Total
	Notes	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018		2	973	6	97	(13,717)	(12,639)
Year ended 31 March 2019:							
Loss for the year		-	-	-	-	(12,728)	(12,728)
Other comprehensive income:							
Currency translation differences		-	-	-	(66)	-	(66)
Fair value movement on cash flow hedge		-	-	(1,016)	-	-	(1,016)
Tax relating to other comprehensive income		-	-	148	-	-	148
Total comprehensive income for the year		-	-	(868)	31	(12,728)	(13,662)
Issue of share capital	25 & 26	-	15	-	-	-	15
Balances at 31 March 2019		2	988	(862)	31	(26,445)	(26,286)
Year ended 31 March 2020:							
Loss for the year		-	-	-	-	(15,766)	(15,766)
Other comprehensive income:							
Currency translation differences		-	-	-	1,944	-	1,944
Fair value movement on cash flow hedge	27	-	-	84	-	-	84
Tax relating to other comprehensive income	27	-	-	(20)	-	-	(20)
Total comprehensive income for the year		-	-	64	1,944	(15,766)	(13,758)
Balances at 31 March 2020		2	988	(798)	1,975	(42,211)	(40,044)

ENVA TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Cash generated from operations	32	26,828	25,065
Tax paid		(3,534)	(3,167)
Net cash inflow from operating activities		23,294	21,898
Investing activities			
Purchase of subsidiaries net of cash		(19,221)	(80,301)
Purchase of property, plant and equipment		(21,922)	(14,883)
Proceeds on disposal of PPE		1,792	623
Interest received		-	130
Net cash used in investing activities		(39,351)	(94,431)
Financing activities			
Proceeds from issue of shares		-	15
Issue of unsecured loan notes		-	19
Drawdown of bank loans		25,000	75,706
Payment of lease liabilities		(5,093)	(39)
Net cash generated from financing activities		19,907	75,701
Net increase in cash and cash equivalents		3,850	3,168
Cash and cash equivalents at beginning of period		15,732	12,630
Effect of foreign exchange rates		1,944	(66)
Cash and cash equivalents at end of period		21,526	15,732

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

The Group adopted IFRS 16 from 1 April 2019 and, therefore, this is the first set of the Group'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 Group 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 and corresponding liability 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 <£3,000).

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 Group 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'.

2 Accounting policies

Company information

Enva Topco Limited is a private company limited by shares incorporated in England and Wales. The registered number is 10692707. The registered office is Brailwood Road, Bilsthorpe, Newark, Nottinghamshire, United Kingdom, NG22 8UA.

Statement of Compliance

International Financial Reporting Standards (IFRS) require an entity whose financial statements comply with IFRS to make an explicit and unreserved statement of such compliance in the notes to the financial statements.

2.1 Basis of Preparation

The consolidated financial statements of Enva Topco Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS as adopted by the EU differ in certain respects from IFRS issued by the IASB. Both the Parent Company and the Group financial statements have been prepared in accordance with IFRS as adopted by the EU and references to IFRS hereafter should be construed as references to IFRS as adopted by the EU. In presenting the Parent Company financial statements together with the Group financial statements, the Parent Company has availed of the exemption in Section 408 of the Companies Act 2006 not to present its individual Income Statement and related notes that form part of the approved Parent Company financial statements. The Parent Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 408 of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these consolidated financial statements are rounded to the nearest thousand (unless stated otherwise).

The financial statements have been prepared under the historical cost convention, as modified by the measurement at fair value of certain financial assets and liabilities including derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

Basis of Consolidation

The Group financial statements consolidate the financial statement of the Company and all of its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The result of subsidiary undertakings acquired or disposed of during the year are included in the Group Income Statement from the date of their acquisition up to the date of their disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

2.2 Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs are expensed as incurred, other than those associated with the issue of debt.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration will be recognised in the Income Statement.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for the net identifiable assets acquired and liabilities assumed.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

2.3 Going concern

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

As at 31 March 2020 the Group had net liabilities of £40,044,000 a loss for the year then ended of £15,766,000 and cash generated from operations of £26,828,000. Subsequent to the year end, in November 2020 the group entered into transactions with its shareholders which have generated additional cash of £25 million through the issue of additional shares (£0.2m) and additional shareholder loan notes (£24.8m). This additional cash inflow has been used to reduce the Group's bank debt. Also in November 2020 the group having reduced its senior debt facilities, entered into new debt covenants with its bank.

The directors have prepared cash flow forecasts for a period of 16 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 cash balances and committed bank and shareholder loan note facilities to meet its liabilities as they fall due for that period. In addition, the forecasts indicate that relevant banking covenants will be met throughout the forecast period.

Consequently, the directors are confident that the group and parent company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

2.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account volume rebates.

Income from recycling activities within waste management includes amounts based upon market prices for recycle products and industry schemes for waste electrical and electronic equipment ('WEEE' notes) and packaging volumes ('PRNs') processed.

Sale of Goods

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.

Sale of Services

Revenue is recognised upon collection of waste from customer sites or receipt of waste directly into our sites. At this time corresponding accruals for the costs of processing, treating and/or disposing of the waste materials collected or received are created. When contractual services are performed over a period of time revenue is recognised on a straight-line basis to match the underlying contract.

Other operating income

Other operating income represents income arising from land and properties owned by the Group.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

2.5 Goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

2.6 Intangible assets other than goodwill

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

- Licenses to operate - 5-25 years
- Customer relationships and contracts - 8-9 years
- Brand - 5-12 years

ENVA TOPCO LIMITED

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

2 Accounting policies

(Continued)

2.7 Property, plant and equipment

Property, plant and equipment 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 property	2%-20% on cost (5-50 years)
Fixtures and fittings	10%-33% on cost (3-10 years)
Plant and equipment	20% on reducing balance and 5%-33% on cost (3-20 years)
Motor vehicles	20% on reducing balance and 10%-33% on cost (3-10 years)

Freehold land and assets in the course of construction are not depreciated.

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 income statement.

2.8 Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The 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.

2.9 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

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

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

2.10 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

2.11 Cash and cash equivalents

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.

2.12 Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss (FVTPL), which are measured at fair value.

Loans and receivables

Trade Receivables, 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.

2.13 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'.

ENVA TOPCO LIMITED

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

2 Accounting policies

(Continued)

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 Group's obligations are discharged, cancelled, or they expire.

2.14 Equity instruments

Equity instruments issued by the Group 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 Group.

2.15 Derivatives

The Group enters into interest rate swap contracts in order to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

Hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instruments is recognised as a separate component of equity. Any ineffective portion is recognised immediately in the Income Statement.

2.16 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

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 income statement, 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 Group 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.

2.17 Provisions

General Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Environmental Provision

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations for a historic landfill site. The majority of the obligations will unwind over a 60-year timeframe from the closure date of the landfill site but the exact timing and amount of ultimate settlement of these provisions is not certain.

Management judgement is involved in evaluating currently available facts based on a broad range of information and prior experience. Inherent uncertainties exist in such evaluations which are outside the management's control primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability together with the protracted nature of these liabilities. The liabilities provided in the financial statements reflect the information available to management at the time of determination of the liability and are reassessed at each reporting date.

2.18 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 non-current 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.

ENVA TOPCO LIMITED

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

2 Accounting policies

(Continued)

2.19 Retirement benefits

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

2.20 Leases

The company has adopted IFRS 16 on a modified retrospective approach on 1 April 2019. 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 property, plant and equipment, apart from those that meet the definition of investment property.

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 property, plant and equipment. 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.

2.21 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.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Accounting policies

(Continued)

Group companies

Results and cash flows of subsidiaries which do not have sterling as their functional currency are translated into sterling at average exchange rates for the year. Average exchange rates are a reasonable approximation of the cumulative effect of the rates on the transaction dates. The related balance sheets are translated at the rates of exchange ruling at the balance sheet date. Adjustment arising on translation of the results of such subsidiaries at average rates, and on the restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity.

2.22 Exceptional items

The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Such items include legal & professional fees, stamp duty and restructuring costs upon formation of Enva and subsequent acquisitions. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be presented in the Consolidated Income Statement and disclosed in the related notes as exceptional items.

2.23 Investment in subsidiary undertakings

In the Company Statement of Financial Position, investments in subsidiary undertakings are recorded at amortised cost less impairment.

2.24 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. Segment results that are reported to the Board (as chief operating decision maker) include items directly attributable to a segment as well as those which can be allocated on a consistent basis.

3 Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Business Combinations

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates and revenue forecasts as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

ENVA TOPCO LIMITED

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

3 Critical accounting estimates and judgements

(Continued)

Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. The Group uses the present value of cash flows to determine the recoverable amount. In calculating value in use, management judgement is required in forecasting cash flows of cash-generating units, in determining terminal growth values and in selecting an appropriate discount rate.

Environmental and Remediation Provisions

The environmental provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations for a historic landfill site. The majority of the obligations will unwind over a 60 year timeframe from the closure date of the landfill site but the exact timing and amount of ultimate settlement of these provisions is not certain.

Management judgement is involved in evaluating currently available facts based on a broad range of information and prior experience. Inherent uncertainties exist in such evaluations which are outside management's control primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability together with the protracted nature of these liabilities. The liabilities provided in the financial statements reflect the information available to management at the time of determination of liability and are reassessed at each reporting date.

Management of sites subject to provision continue to improve in a very satisfactory manner. This operational performance as well as market trends for inflation and the time value of money will continue to be closely monitored and adjustments made in future periods if future reviews indicate that such adjustments are appropriate.

Trade receivables

Trade receivables are stated in the balance sheet at their nominal value less any appropriate provision for irrecoverable amounts. In determining whether a provision is required against any trade receivable, the Directors are required to make a judgement regarding the overall recoverability of the debtor. In exercising this judgement, consideration is given to both the overall economic environment in which a debtor operates as well as specific indicators that the recovery of the nominal balance may be in doubt. For example, days' sales outstanding in excess of agreed credit terms or other qualitative information in respect of a customer. See Note 19 for further information.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Segment Reporting

The Group's Board has been identified as the chief operating decision maker. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Board considers the business from a waste material and waste management services performed perspective. This has led to the operating segments identified below. The performance of the operating segments is assessed by reference to their turnover and EBITDA before exceptional items. The operating segments disclosed have been aggregated by the nature of the waste management services, processes and products that they share in addition to similar long-term average gross margins for the operating segments.

In the year ended 31 March 2020, Recycling entities (formerly known as General Waste entities) accounted for £108m (2019 - £110m) of the Group's turnover (net of intersegmental sales) with Specialist Waste turnover £185m (2019 - £117m). The EBITDA pre exceptionals split for this period was circa 80% (2019 - 60%) Specialist Waste, 20% (2019 - 40%) Recycling.

All of the assets and liabilities of the Group are managed by the Board on a group basis rather than at a segmental level. As a result no reconciliation of segment assets and liabilities to the statement of financial position has been disclosed.

Geographical information

The Group operates in the UK and Ireland with some worldwide sales. All of the operations and assets of the Group are based in the UK and Ireland. As the Group is managed on a segmental rather than geographical basis, no further geographical disclosures are provided in this note.

Major customers

No single customer accounted for 10% or more of the Group's revenue in the period presented.

5 Exceptional items

	2020 £000	2019 £000
Legal & Professional	(6,093)	(5,710)
Stamp Duty	(107)	(417)
Restructuring Costs	(104)	(463)
Rebranding	(318)	(976)
	<u>(6,622)</u>	<u>(7,566)</u>

Exceptional costs of £6.6m pre-tax (£7.6m post-tax) arose during the year.

Legal and professional costs include financial, commercial and legal due diligence on acquisitions as well as funding and structuring services. Stamp duty has been payable on acquisitions by the Group. For tax purposes, it has been treated as a non-deductible expense. Restructuring and rebranding costs have been incurred to transform a portfolio of connected waste management businesses into Enva.

ENVA TOPCO LIMITED

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

6 Operating profit

	2020	2019
	£000	£000
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	581	189
Depreciation of property, plant and equipment	18,021	9,461
Profit on disposal of property, plant and equipment	(65)	(279)
Amortisation of intangible assets	12,984	11,066
Amortisation of grants	(46)	(74)
	<u> </u>	<u> </u>

Research and development costs only represent the attributable consumable costs.

7 Auditor's remuneration

	2020	2019
	£000	£000
Fees payable to the Group's auditor and associates:		
For audit services		
Audit of the financial statements of the Group	290	230
	<u> </u>	<u> </u>
For other services		
Due diligence and structuring advice	-	330
	<u> </u>	<u> </u>

8 Employees

The average monthly number of persons (including directors) employed by the Group during the year was 1,591 (2019 - 1,251). This is broken down as follows:

	2020	2019
	Number	Number
Directors	4	4
Administration	503	380
Operations	1,084	867
	<u> </u>	<u> </u>
	1,591	1,251
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020	2019
	£000	£000
Wages and salaries	53,708	40,893
Social security costs	5,357	4,135
Pension costs	1,912	1,375
	<u> </u>	<u> </u>
	60,977	46,403
	<u> </u>	<u> </u>

ENVA TOPCO LIMITED

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

9 Directors' remuneration

	2020 £000	2019 £000
Remuneration for qualifying services	1,113	1,134
Company pension contributions to defined contribution schemes	54	53
	<u>1,167</u>	<u>1,187</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £000	2019 £000
Remuneration for qualifying services	<u>355</u>	<u>353</u>

10 Finance income

	2020 £000	2019 £000
Other interest income	<u>285</u>	<u>437</u>

11 Finance costs

	2020 £000	2019 £000
Interest expense on unsecured loan notes	11,508	10,462
Other interest expense	14,512	10,762
Total interest expense	<u>26,020</u>	<u>21,224</u>
Unwinding of discount on provisions	14	168
Exchange differences on financing transactions	3,341	(610)
	<u>29,375</u>	<u>20,782</u>

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Income tax expense

	2020 £000	2019 £000
Current tax		
UK corporation tax on profits for the current period	1,829	2,654
Adjustments in respect of prior periods	(621)	(203)
Total UK current tax	1,167	2,451
Foreign taxes and reliefs	764	585
Total tax charge/(credit)	1,931	3,036
Deferred tax		
Origination and reversal of temporary differences	(1,971)	(1,404)
Changes in tax rates	25	-
Adjustment in respect of prior periods	(95)	(100)
	(2,041)	(1,504)
Total tax charge/(credit)	(110)	1,532

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 £000	2019 £000
Loss before taxation	(15,876)	(11,196)
Expected tax credit based on a corporation tax rate of 19.00%	(3,016)	(2,127)
Effect of expenses not deductible in determining taxable profit	2,448	4,220
Change in unrecognised deferred tax assets	926	(89)
Adjustment in respect of prior years	(621)	(203)
Effect of change in UK corporation tax rate	21	113
Effect of overseas tax rates	(297)	(740)
Deferred tax adjustments in respect of prior years	(95)	(100)
Fixed asset differences	524	491
Exempt distribution income	-	(33)
Taxation (credit)/charge for the year	(110)	1,532

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Income tax expense

(Continued)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £000	2019 £000
Reclassifications from equity to profit or loss:		
Relating to cash flow hedges	(20)	148

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.

13 Intangible assets and goodwill

	Goodwill £000	Licenses, Relationship & Brand £000	Total £000
Cost			
At 1 April 2018	48,128	137,184	185,312
Additions from business combinations	13,562	39,754	53,316
Foreign currency adjustments	-	(233)	(233)
At 31 March 2019	61,690	176,705	238,395
Additions from business combinations	8,487	8,610	17,097
At 31 March 2020	70,177	185,315	255,492
Amortisation and impairment			
At 1 April 2018	-	4,643	4,643
Charge for the year	-	11,066	11,066
Effect of unwind of discount rate	-	(307)	(307)
At 31 March 2019	-	15,402	15,402
Charge for the year	-	12,984	12,984
Effect of unwind of discount rate	-	(285)	(285)
At 31 March 2020	-	28,101	28,101
Carrying amount			
At 31 March 2020	70,177	157,214	227,391
At 31 March 2019	61,690	161,303	222,993
At 31 March 2018	48,128	132,541	180,669

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Intangible assets and goodwill

(Continued)

Intangible assets comprise of licences to operate, customer relationships and brands. These have been capitalised separately from goodwill, which represents the residual element of the purchase price of the Group's acquisitions over the fair value of assets and liabilities acquired. Capitalisation has occurred because the fair value of these intangible assets was measured reliably on initial recognition and it is probable future economic benefits from such assets will flow to the Group.

Impairment tests for cash generating units containing goodwill

Goodwill is allocated to cash generating units as follows:

	2020 £000	2019 £000
Recycling	22,673	22,673
Specialist Waste	47,504	39,017
	<u>70,177</u>	<u>61,690</u>

Goodwill that stemmed from the acquisition of the Hadfield Group acquisition has been restated from the Recycling CGU to the Specialist Waste CGU.

Goodwill has been tested for impairment based on assessment of value in use. The key assumptions applied in the value in use calculation are:

Cash flow projections

Management prepare detailed three year cash flow forecasts derived from the most recent annual financial budget with an adjustment for the terminal value. The projections represent the best estimate of future performance based on past performance and expectations for market developments. The key assumptions include expected changes to demand for products and services, selling prices and direct costs.

Discount rate

A weighted average costs of capital of 8% (2019 - 8%) on a pre-tax basis is used to discount cash flow forecasts, based on the Group's adjusted cost of capital to reflect a market participant's discount rate.

Growth rate

Growth rates of 2% (2019 - 2%) have been used to represent the expected increase in demand.

From performing this assessment, management are satisfied there is sufficient headroom to conclude the carrying amount of the cash generating units does not exceed their recoverable amount.

Sensitivity analysis as at 31 March 2020 has indicated that no reasonable, foreseeable change to the key assumptions used in the impairment model will result in a significant impairment charge being recorded in the financial statements.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Property, plant and equipment

	Freehold property £000	Assets under construction £000	Fixtures and fittings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost						
At 1 April 2018	41,947	-	11,100	69,248	27,247	149,542
Additions	510	549	1,942	8,522	3,360	14,883
Business combinations	17,664	88	2,591	28,988	2,272	51,603
Disposals	(6)	-	(107)	(2,779)	(1,868)	(4,760)
Foreign currency adjustments	(276)	-	(85)	(476)	(160)	(997)
At 31 March 2019	59,839	637	15,441	103,503	30,851	210,271
Additions	1,175	3,188	6,183	9,524	1,852	21,922
Business combinations	306	-	157	1,858	274	2,595
Disposals	(2,969)	(368)	(275)	(1,197)	(1,519)	(6,328)
Transition to IFRS 16	27,844	-	-	2,490	7,198	37,532
Foreign currency adjustments	399	12	156	546	254	1,367
At 31 March 2020	86,594	3,469	21,662	116,724	38,910	267,359
Accumulated depreciation and impairment						
At 1 April 2018	8,365	-	8,327	50,555	18,968	86,215
Charge for the year	1,121	-	757	5,394	2,189	9,461
Eliminated on disposal	-	-	(103)	(2,548)	(1,765)	(4,416)
Foreign currency adjustments	(34)	-	(81)	(356)	(109)	(580)
Business combinations	3,056	-	1,702	19,816	1,849	26,423
At 31 March 2019	12,508	-	10,602	72,861	21,132	117,103
Charge for the year	3,275	-	1,480	8,259	5,007	18,021
Eliminated on disposal	(1,644)	-	(50)	(1,414)	(1,493)	(4,601)
Foreign currency adjustments	82	-	126	602	192	1,002
Business combinations	-	-	101	1,190	175	1,466
At 31 March 2020	14,221	-	12,259	81,498	25,013	132,991
Carrying amount						
At 31 March 2020	72,373	3,469	9,403	35,226	13,897	134,368
At 31 March 2019	47,331	637	4,839	30,642	9,719	93,168
At 31 March 2018	33,582	-	2,773	18,693	8,279	63,327

ENVA TOPCO LIMITED

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

14 Property, plant and equipment

(Continued)

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2020 £000	2019 £000
Net values		
Property	25,900	-
Plant and equipment	1,283	-
Motor vehicles	4,523	-
	<u>31,706</u>	<u>-</u>
Depreciation charge for the year		
Property	1,944	-
Plant and equipment	1,207	-
Motor vehicles	2,675	-
	<u>5,826</u>	<u>-</u>

15 Subsidiaries

Details of the Group's material subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
Enva Midco Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Holding
Enva Debtco Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Holding
Enva UK Bidco Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Holding
Enva Finco Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Holding
Enva UK Opco Limited	Clonminam Industrial Estate, Portlaoise, County Laois, R32 XD95, ROI	100	100	Holding

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Subsidiaries

(Continued)

Enva Irish Bidco Limited	Clonminam Industrial Estate, Portlaoise, County Laois, R32 XD95, ROI	100	100	Holding
Enva Irish Opco Limited	Clonminam Industrial Estate, Portlaoise, County Laois, R32 XD95, ROI	100	100	Holding
Enva Scotland Limited	49 Burnbrae Road, Linwood Industrial Estate, Linwood, Paisley, United Kingdom, PA3 3BD	100	100	Waste collection and recycling
Enva Timber Recycling Limited	49 Burnbrae Road, Linwood Industrial Estate, Linwood, Paisley, United Kingdom, PA3 3BD	100	100	Waste wood recycling
Enva Resource Management Limited	49 Burnbrae Road, Linwood Industrial Estate, Linwood, Paisley, United Kingdom, PA3 3BD	100	100	Waste management services
Enva England Specialist Waste Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Treatment and disposal of hazardous waste
Digit Resource Management Holdings Limited	49 Burnbrae Road, Linwood Industrial Estate, Linwood, Paisley, United Kingdom, PA3 3BD	100	100	Holding
Enva England Limited	Enviro Building Private Road, No 4 Colwick Industrial Estate, Colwick Nottingham, Nottinghamshire, N	100	100	Waste collection and recycling
Realpower Limited	Enviro Building Private Road, No 4 Colwick Industrial Estate, Colwick Nottingham, Nottinghamshire, N	100	100	Holding
Enva Plastics Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Recovery of sorted materials

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Subsidiaries

(Continued)

Enva Organics Recycling Limited	49 Burnbrae Road, Linwood Industrial Estate, Linwood, Paisley, United Kingdom, PA3 3BD	100	100	Treatment and disposal of non-hazardous waste
GP Properties (Scotland) Limited	49 Burnbrae Road, Linwood Industrial Estate, Linwood, Paisley, United Kingdom, PA3 3BD	100	100	Holding
GI Hadfield Holdings Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Holding
Enva Wood Recycling Middlesborough Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Recovery of sorted materials
Enva Wood Recycling Manchester Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Recovery of sorted materials
Enva Wood Recycling Tilbury Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Recovery of sorted materials
Enva Northern Ireland Limited	1 Cloonagh Road, Downpatrick, County Down, BT30 6LJ	100	100	Treatment and disposal of hazardous waste
Bio-Industries Limited	Unit 66D, Heather road, Sandyford Business Park, Dublin	100	100	Waste management services
Enva Ireland Limited	Clonminam Industrial Estate, Portlaoise, County Laois, R32 XD95, ROI	100	100	Waste management services
Shannon Environmental Holdings Limited	Clonminam Industrial Estate, Portlaoise, County Laois, R32 XD95, ROI	100	100	Holding
Enva Organics Limited	Clonminam Industrial Estate, Portlaoise, County Laois, R32 XD95, ROI	100	100	Waste management services

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Subsidiaries

(Continued)

Enva UK Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Water collection, treatment and supply
Greenogue Investment Limited	Clonminam Industrial Estate, Portlaoise, County Laois, R32 XD95, ROI	100	100	Waste management services
Rilta Environmental Limited	Clonminam Industrial Estate, Portlaoise, County Laois, R32 XD95, ROI	100	100	Waste management services
Enva Toomebridge	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Recovery of sorted materials
ARO Holdco Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Holding
Associated Reclaimed Oils Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Treatment and disposal of hazardous waste
All-Brite (Northern Ireland) Limited	1 Cloonagh Road, Downpatrick, Down, Northern Ireland, BT30 6LJ	100	100	Treatment and disposal of hazardous waste
Serius Group Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Holding
S.A.R. Recycling Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Treatment and disposal of hazardous waste
Recyclenet Limited	Brailwood Road, Bilsthorpe Industrial Estate, Newark, Nottingham, United Kingdom, NG22 8UA	100	100	Treatment and disposal of hazardous waste

Investments in subsidiaries are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition.

ENVA TOPCO LIMITED

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

16 Inventories	2020 £000	2019 £000
Raw materials	5,036	2,754
Finished goods	2,299	1,725
	<u>7,335</u>	<u>4,479</u>

17 Trade and other receivables

	2020 £000	2019 £000
Trade receivables	50,415	44,534
Prepayments and accrued income	7,727	6,030
	<u>58,142</u>	<u>50,564</u>

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

18 Borrowings

	2020 £000	2019 £000
Borrowings at amortised cost		
Bank loans	239,350	211,502
Unsecured loan notes	126,473	115,084
	<u>365,823</u>	<u>326,586</u>

Analysis of borrowings

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

	2020 £000	2019 £000
Current liabilities	1,047	-
Non-current liabilities	364,776	326,586
	<u>365,823</u>	<u>326,586</u>

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Borrowings

(Continued)

a) Borrowings by facility

	Expiration Date	Total Facility £000	Drawn £000	Undrawn £000
GBP Term Loan	30/05/2024	105,000	105,000	-
EUR Term Loan	20/05/2024	25,773	25,773	-
Acquisition Facility	30/05/2023	20,000	20,000	-
Accordion Facility	30/05/2024	85,048	85,048	-
Revolving Credit Facility	30/05/2023	8,750	7,500	1,250
Arrangement Fees		-	(3,972)	-
Total banking facilities		244,571	239,349	1,250
Unsecured Loan Notes	31/12/2027	117,443	117,443	-
Accrued Interest on Unsecured Loan Notes	31/12/2027	-	9,031	-
Total other borrowing facilities		117,443	126,474	-
Total borrowings per Statement of Financial Position			365,823	

b) Maturity of borrowings

	Within one year £000	2-5 years £000	> 5 years £000	Total £000
Term Loans	-	130,773	-	130,773
Acquisition Facility	2,000	18,000	-	20,000
Accordion Facility	-	85,048	-	85,048
Revolving Credit Facility	-	7,500	-	7,500
Arrangement Fees	(953)	(3,019)	-	(3,972)
Bank funding	1,047	238,302	-	239,349
Unsecured loan notes	-	-	126,474	126,474
Total borrowings	1,047	238,302	126,474	365,823

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Borrowings

(Continued)

The amount of bank loans of £239.3m (2019 - £211.5m) is presented net of £4.0m (2019 - £4.7m) of arrangement fees. These arrangement fees are being amortised on a straight line basis to the financing costs line of the income statement across the life of the facilities. £1m (2019: £0.9m) of these deferred arrangement fees will be released to the income statement in the coming year.

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements are approximate to their fair values.

Other financing facilities

On 7 January 2020, an accordion facility of £17.5m was agreed to facilitate the funding of the SAR Group acquisition. These are included in the summary of borrowings by facility table at the beginning of this note.

Also during the year, a drawdown of the Revolving Credit Facilities of £7.5m was made from the £25m revolving credit facilities to which the company has access. At year end the company had £1.25m unutilised on this facility.

19 Risk management

Risk management

The key risks identified by the management of Enva Topco Limited are as follows:

Foreign exchange risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. Having operations across the UK and Ireland provides a natural hedge to sterling and euro fluctuations. As such, the Group does not deem it necessary to enter into foreign exchange hedging arrangements.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	£000	£000	£000	£000
Sterling	50,234	46,744	335,682	305,641
Euro	20,678	15,101	84,889	88,646
Other	18	1,119	-	-
	<u>70,930</u>	<u>62,964</u>	<u>420,571</u>	<u>394,287</u>

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The Group's policy is to hedge 80% of its core (long term loan) borrowings. This is discussed further in Note 28, Derivative Financial Instruments.

ENVA TOPCO LIMITED

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

19 Risk management

(Continued)

Credit risk

The Group's principal financial assets are bank balances, cash and trade and other debtors.

The Group's credit risk is primarily attributable to its trade debtors. Before trading with a new customer, the Group will consider their background and credit history. Once trading commences, utilisation of credit limits is regularly monitored. A significant element of our receivables are also covered by credit insurance.

The amounts presented in the statement of financial position are net of provisions for doubtful debts. A provision for impairment is made where there is an expectation of a loss event which, based on previous experience, is evidence of a reduction in the recoverability of future cash flows. The Group receivables outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The average credit terms offered to clients are between 30 and 60 days.

At 31 March 2020 the Group had gross trade receivables of £52.3m (2019: £47.2m). Less than 10% of trade receivables exceed 90 days since date of invoice.

A detailed impairment review of the receivables ledger takes place on a regular basis with account management and credit control teams. This has resulted in an impairment provision of 3% being carried at 31 March. This, in conjunction with credit insurance policies held, means the directors are satisfied that the credit risk of receivables has been adequately provided for. As such, the overall carrying amount of trade and other receivables is approximately equal to their fair value.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding may not be available for the Group's business activities. As discussed in Note 18 - Borrowings, the Group has access to a comprehensive range of financing facilities including term loans, acquisition and revolving credit facilities.

The Group's liquidity is managed centrally with cash balances monitored on a daily basis. At least on a weekly basis, cash levels across the group are further considered by building up a forecast of expected cash inflows and outflows at a detailed entity level. These are then consolidated to give oversight of the Group's cash position for a rolling thirteen week period. Surplus cash is repatriated as necessary to facilitate demands across the Group.

Longer range cash projections are reported in the monthly management accounts, quarterly covenant compliance calculations and annual budgets. This ensures the Group has sufficient cash to meet its liabilities as they fall due and allows recommendations to be made to the Board in respect of utilisation of the Revolving Credit Facility.

Capital risk

The Group defines "capital" as being net debt plus equity.

The Group's objective when managing capital is to maintain an appropriate capital structure to balance the needs of the Group. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group has a number of options available to it including modifying dividends payments to shareholders or issuing new shares.

The Group is not subject to any externally imposed capital requirements.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Trade and other payables

	Current		Non-current	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade payables	26,766	20,948	-	-
Accruals	29,417	24,389	-	-
Social security and other taxation	1,927	1,805	-	-
Other payables	4,653	5,656	4,060	6,453
	<u>62,763</u>	<u>52,798</u>	<u>4,060</u>	<u>6,453</u>

21 Lease liabilities

	2020	2019
	£000	£000
Maturity analysis		
Within one year	6,067	162
In two to five years	12,580	272
In over five years	23,118	-
Total undiscounted liabilities	<u>41,765</u>	<u>434</u>
Future finance charges and other adjustments	(8,940)	-
Lease liabilities in the financial statements	<u>32,825</u>	<u>434</u>

	2020	2019
	£000	£000
Current liabilities	4,926	162
Non-current liabilities	27,899	272
	<u>32,825</u>	<u>434</u>

The Group has leased many assets including land and buildings, vehicles and machinery. On 1 April 2019 the Group adopted IFRS 16 'Leases' which gave rise to £37.5m of a lease liability on transition. The outstanding lease liabilities in respect of right-of-use assets are presented above.

As the Group adopted IFRS 16 'Leases' from April 2019 the former operating lease disclosure is no longer applicable.

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Deferred taxation

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

	Timing differences £000	Intangible assets £000	Financial instruments £000	Total £000
Deferred tax liability at 27 March 2017	-	(18,817)	(23)	(18,840)
Deferred tax asset at 1 April 2018	35	-	-	35
Deferred tax movements in prior year				
Deferred tax charged in the income statement for the period	(100)	1,583	21	1,504
Deferred tax relating to other comprehensive income	-	-	148	148
Deferred tax provision acquired from business combinations	(600)	(3,088)	-	(3,688)
Deferred tax liability at 31 March 2019	(665)	(20,322)	-	(20,987)
Deferred tax asset at 31 March 2019	-	-	146	146
Deferred tax movements in current year				
Deferred tax credit in the income statement for the period	104	1,919	18	2,041
Deferred tax relating to other comprehensive income	-	-	20	20
Deferred tax provision acquired from business combinations	7	(1,089)	-	(1,082)
Deferred tax liability at 31 March 2020	(554)	(19,492)	-	(20,046)
Deferred tax asset at 31 March 2020	-	-	184	184

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 £000	2019 £000
Deferred tax liabilities	(20,046)	(20,987)
Deferred tax assets	184	146
	<u>(19,862)</u>	<u>(20,841)</u>

ENVA TOPCO LIMITED

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

23 Provisions for liabilities

	2020 £000	2019 £000
Environmental provision	3,513	3,534
Other provisions	944	1,162
	<u>4,457</u>	<u>4,696</u>

Analysis of provisions

Provisions 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 £000	2019 £000
Current liabilities	626	716
Non-current liabilities	3,831	3,980
	<u>4,457</u>	<u>4,696</u>

Movements on provisions:	Environmental provision £000	Other provisions £000	Total £000
At 1 April 2019	3,534	1,162	4,696
Utilisation of provision	(21)	(218)	(239)
At 31 March 2020	<u>3,513</u>	<u>944</u>	<u>4,457</u>

24 Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

The total costs charged to the income statement in respect of defined contribution plans is £1,912k (2019 - £1,375k).

ENVA TOPCO LIMITED

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

25	Share capital	2020 £	2019 £
	Ordinary share capital		
	<i>Issued and fully paid</i>		
	663,726 Ordinary A of 0.01p each	66.37	66.37
	161,677 Ordinary B1 of 0.01p each	16.17	16.17
	3,262 Ordinary B2 of 0.01p each	0.33	0.33
	40,000 Ordinary C1 of 1p each	400.00	400.00
	121,500 Ordinary C2 of 1p each	1,215.00	1,215.00
		<u>1,697.87</u>	<u>1,697.87</u>

No new shares were issued in the year.

The various classes of ordinary shares are irredeemable, rank equally on winding up and carry equal dividend rights.

The A and B1 class of ordinary shares carry 80% of the voting rights apportioned among each holder of the A and B1 ordinary shares and the C1 class of ordinary shares carry 20% of the voting rights apportioned among each holder of the C1 class of ordinary shares.

No other class of ordinary shares carry voting rights.

26	Share premium account	2020 £000	2019 £000
	At the beginning of the year	988	973
	Issue of new shares	-	15
	At the end of the year	<u>988</u>	<u>988</u>

27	Hedging reserve	2020 £000	2019 £000
	At beginning of year	(862)	6
	Fair value movements on cash flow hedges	84	(1,016)
	Deferred tax related to gains and losses transferred to income	(20)	148
	At end of year	<u>(798)</u>	<u>(862)</u>

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

28 Derivative financial instruments

Derivatives are financial instruments that derive their values from the price of underlying items such as interest rates, foreign exchange rates, commodities or other indices. This note details the derivative financial instruments used by the Group to hedge certain risk exposures arising from operational, financial and investment activities. These derivatives are held at fair value.

	2020 £000	2019 £000
Non-current (liability)/asset		
Interest rate swaps - cash flow hedges	(461)	(22)

Interest rate swaps

The Group has four interest rate swaps on its Sterling and Euro bank debt. This qualifies for hedge designation as a cash flow hedge under IFRS 9 and has resulted in the recognition of a derivative liability at 31 March 2020 of £461k (2019 - derivative liability £22k).

As at March 2020, the notional principal amounts of the outstanding interest rate swap contracts were as follows:

	2020 £000	2019 £000
Interest rate swap (GBP)	119,200	119,200

	2020 €000	2019 €000
Interest rate swap (EURO)	62,400	62,400

The fixed interest rates on the two initial interest rate swaps were 0.6% based on sterling LIBOR and 0.2% based on EURIBOR. On the new swaps entered into in 2019, fixed interest rates were 1.25% (Sterling) and 0.5% (Euro) respectively. The full fair value of the interest rate swap derivative is classified as a non-current liability at 31 March 2020 as the remaining maturity of the hedged item is more than twelve months.

At the end of each quarterly interest period, the derivative asset or liability is measured at the present value of future cash flows estimated and discounted based on the applicable and observable yield curves. This fair value measurement resulted in a gain of £0.1m in the year (2019 - loss of £1.0m) which has been recognised in the statement of other comprehensive income. The fair value measurements are classified as Level 2 in the fair value hierarchy as defined by IFRS 'Fair Value Measurement', as the inputs are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

28 Derivative financial instruments

(Continued)

	Level 1	Level 2	Level 3
Financial liabilities			
Derivative financial instruments	-	(461)	-

The Group has adopted the following fair value measurement hierarchy in relation to its financial assets and financial liabilities that are carried in the Balance Sheet at fair value as at the year end:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29 Acquisitions of a business

ARO Holdco Limited and its subsidiary Associated Reclaimed Oils Limited

On 11 April 2019, the Group acquired Associated Reclaimed Oils Limited ('ARO'). Based in London, ARO is a long established collector of waste lubricant oils and hazardous wastes, offering services to the market throughout London and South East England using a dedicated fleet and experienced crews. ARO's service offering is a perfect fit with our existing oil business strengthening our collection network in the South East of England.

The Group acquired all of the ordinary shares in ARO Holdco Limited including its only subsidiary Associated Reclaimed Oils Limited for a cash consideration of £2.4m (£2.4m in total consideration).

	Book Value £000	Fair Value £000
Cash and cash equivalents	101	101
Property, plant and equipment	85	85
Trade and other receivables	290	290
Inventories	2	2
Trade and other payables	(109)	(109)
Tax liabilities	(20)	(20)
Obligations under finance leases	(43)	(43)
Deferred tax	(10)	(10)
		296
Goodwill		2,128
Total consideration		2,424

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

29 Acquisitions of a business

(Continued)

Satisfied by:	£000
Cash	2,424
	<u>2,424</u>
Net cash outflow arising on acquisition	£000
Cash consideration	2,424
Cash and cash equivalents acquired	(101)
	<u>2,323</u>
	<u>2,323</u>

All-Brite (Northern Ireland Limited)

On 17 December 2019 the Group acquired all of the ordinary shares in All-Brite (Northern Ireland) Limited for a consideration of £1m.

	Book Value £000	Fair Value £000
Cash and cash equivalents	255	255
Intangible assets	22	22
Property, plant and equipment	463	463
Trade and other receivables	330	330
Inventories	68	68
Trade and other payables	(224)	(224)
Tax liabilities	(48)	(48)
Obligations under finance leases	(132)	(132)
Deferred tax	(90)	(90)
		<u>644</u>
Goodwill		632
		<u>1,276</u>
Total consideration		<u>1,276</u>
		<u>1,276</u>
Satisfied by:	£000	
Cash	1,276	
	<u>1,276</u>	
Net cash outflow arising on acquisition	£000	
Cash consideration	1,276	
Less: Cash and cash equivalents acquired	(255)	
	<u>1,021</u>	
	<u>1,021</u>	

ENVA TOPCO LIMITED

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

29 Acquisitions of a business

(Continued)

Serius Group Limited and its subsidiaries

On 6 January 2020 the Group acquired all of the ordinary shares in Serius Group Limited (including its trading subsidiaries S.A.R. Recycling Limited and Recyclenet Limited) for consideration of £19.45m (£16.57m Debt Free).

	Book Value £000	Fair Value £000
Cash and cash equivalents	3,496	3,496
Intangible assets	8,630	8,630
Property, plant and equipment	540	540
Trade and other receivables	2,227	2,227
Inventories	1,386	1,386
Trade and other payables	(1,452)	(1,452)
Tax liabilities	(14)	(14)
Obligations under finance leases	(2)	(2)
Deferred tax	(1,090)	(1,090)
		<hr/>
Goodwill		13,721
		<hr/>
Total consideration		19,447
		<hr/>
Satisfied by:		£000
Cash		16,501
Deferred consideration		74
Net Debt Settled		2,872
		<hr/>
		19,447
		<hr/>
Net cash outflow arising on acquisition		£000
Cash consideration		16,501
Add: Net Debt Settled		2,872
Less: Cash and cash equivalents acquired		(3,496)
		<hr/>
		15,877
		<hr/>

ENVA TOPCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

30 Capital commitments	2020	2019
	£000	£000
At 31 March 2020 the Group had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	2,961	2,630
These commitments are expected to be settled in the year ended 31 March 2020.		
31 Related party transactions		
	2020	2019
	£000	£000
Exponent Private Equity Partners GP III LP		
Exponent Private Equity Partners GP III LP		
- Directors fees and expenses during the period	155	162
Michael Tracey Private Pension Fund - Rental of operating site	35	35
Tracey Property Company Limited - Rental of operating site	240	240
	430	437
Amounts due to related parties	2020	2019
	£000	£000
Exponent Private Equity Partners GP III, LP	42	80
Michael Tracey Private Pension Fund - Rental of operating site	3	9
	45	89
32 Cash generated by operations	2020	2019
	£000	£000
EBITDA pre exceptionals	50,730	36,889
Adjustments for:		
Exceptionals	(6,622)	(7,566)
Interest Paid	(14,512)	(9,383)
Foreign exchange gains on cash equivalents	(3,341)	(610)
Movements in working capital:		
(Decrease)/increase in provisions	(239)	1,010
Increase in working capital	812	4,725
Cash generated by operations	26,828	25,065

ENVA TOPCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ENVA TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVA TOPCO LIMITED

Opinion

We have audited the financial statements of Enva Topco Limited (the 'Company') for the year ended 31 March 2020 which comprise the balance sheet, the statement of changes in equity, the statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or 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.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

ENVA TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ENVA TOPCO 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. We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 51, 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 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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



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

11 December 2020

Chartered Accountants
Statutory Auditor

319 St Vincent Street
Glasgow
G2 5AS

ENVA TOPCO LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Investment revenues		2,224	1,928
Profit before taxation		2,224	1,928
Income tax expense		-	-
Profit and total comprehensive income for the year		2,224	1,928

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ENVA TOPCO LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	2019 £
Fixed assets			
Investments	2	970,000	970,000
Current assets			
Trade and other receivables	3	35,316	32,241
Total assets		1,005,316	1,002,241
Creditors: amounts falling due within one year			
Creditors	4	10,851	10,000
Net current assets		24,465	22,241
Total liabilities		10,851	10,000
Net assets		994,465	992,241
Capital and reserves			
Called up share capital	5	1,698	1,698
Share premium account	6	988,467	988,467
Profit and loss reserves		4,300	2,076
Total equity		994,465	992,241

The financial statements were approved by the board of directors and authorised for issue on 11 December 2020 and are signed on its behalf by:



Director

Company Registration No. 10692707

ENVA TOPCO LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 April 2018		1,548	973,452	148	975,148
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	1,928	1,928
Issue of share capital		150	15,015	-	15,165
Balances at 31 March 2019		1,698	988,467	2,076	992,241
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	2,224	2,224
Balances at 31 March 2020		1,698	988,467	4,300	994,465

ENVA TOPCO LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Investing activities					
Provision of loan to subsidiary		-		(15,165)	
Net cash used in investing activities			-		(15,165)
Financing activities					
Proceeds from issue of shares		-		15,165	
Net cash (used in)/generated from financing activities			-		15,165
Net increase in cash and cash equivalents			-		-
Cash and cash equivalents at beginning of year			-		-
Cash and cash equivalents at end of year			-		-

ENVA TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Enva Topco 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.

Basis of Preparation

The Company financial statements, which are presented in sterling, have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The Company applies consistent accounting policies to those applied by the Group. To the extent that an accounting policy is relevant to both Group and Company financial statements, please refer to the Group financial statements for disclosure of the relevant accounting policy.

In accordance with Section 408 of the Companies Act, 2006, the Company is availing of the exemption from filing its individual Income Statement with the Registrar of Companies.

Going concern

The going concern assessment for the company can be found in the accounting policies of the Group financial statements on page 18.

2 Investments

	2020 £	2019 £
Investments in subsidiaries	970,000	970,000

The Company directly holds an investment in Enva Midco Limited. This is presented in non current assets (£970,000).

Details of the Group's principal operating subsidiaries are included within the Group accounts.

3 Trade and other receivables

	Due within one year	
	2020 £	2019 £
Other receivables	10,851	10,000
Amounts owed by fellow group undertakings	24,465	22,241
	35,316	32,241

Amounts due from fellow group undertakings bear interest at 10% per annum.

ENVA TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Creditors

	2020 £	2019 £
Amounts owed to fellow group undertakings	10,851	10,000

5 Share capital

	2020 £	2019 £
Ordinary share capital		
<i>Issued and fully paid</i>		
663,726 Ordinary A of 0.01p each	66	66
161,677 Ordinary B1 of 0.01p each	16	16
3,262 Ordinary B2 of 0.01p each	1	1
40,000 Ordinary C1 of 1p each	400	400
121,500 Ordinary C2 of 1p each	1,215	1,215
	<u>1,698</u>	<u>1,698</u>

6 Share premium account

	2020 £	2019 £
At the beginning of the year	988,467	973,452
Issue of new shares	-	15,015
	<u>988,467</u>	<u>988,467</u>

7 Credit risk management

Credit risk arises from credit exposure to intercompany receivables.

8 Capital risk management

The Company is not subject to any externally imposed capital requirements.