

Company Registration No. NI640376

RIVER RIDGE HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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RIVER RIDGE HOLDINGS LIMITED

CONTENTS

	Page
Company information	1
Strategic report	2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Consolidated statement of comprehensive income	7
Consolidated balance sheet	8
Parent company balance sheet	9
Consolidated statement of changes in equity	10
Parent company statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the financial statements	13 - 31

RIVER RIDGE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr. Andrew Fox Mr. Cecil McBurney Mr. Jim Meredith Mr. Brett Ross Mr. Michael Gray Mr. Graham Clarke	(Appointed 8 September 2020)
Company number	NI640376	
Registered office	56 Craigmore Road Ringsend Garvagh Coleraine BT51 5HF Northern Ireland	
Auditor	Moore (N.I.) LLP 32 Lodge Road Coleraine Co Londonderry BT52 1NB	
Business address	56 Craigmore Road Garvagh Northern Ireland BT51 1HF	
Bankers	Bank of Ireland 1 Donegall Square South Belfast BT1 5LR	
Solicitors	Carson McDowell LLP Murray House Murray Street Belfast BT1 6DN	

RIVER RIDGE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present the strategic report for the year ended 30 June 2020.

Fair review of the business

The principal activity of the group is the collection and disposal of both commercial and general waste. The directors consider the results for the year to be in line with expectations. The group will continue to seek every opportunity to further develop the business.

It remains to be seen what the long-term effect will be from the COVID-19 pandemic but the directors believe the outlook for the group remains positive.

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk, and interest rate cash flow risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs. Given the size of the group, the directors have assumed responsibility for the monitoring of financial risk management.

Price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

A proportion of the group's trading is conducted in Euros. However the group regularly monitors movements in foreign exchange rates and thus any exposure to foreign exchange risk is deemed to be minimal.

Credit risk

The group is exposed to credit risk due to its policy of giving credit to customers. In these instances, the group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the directors.

Liquidity risk

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The group has interest bearing liabilities. The group has a policy of monitoring its debt finance to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature or otherwise be deemed necessary.

Key performance indicators

Given the straightforward nature of the business, the group's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board


Mr. Michael Gray

Director

20 November 2020


Mr. Brett Ross

Director

20 November 2020

RIVER RIDGE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and financial statements for the year ended 30 June 2020.

Directors

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

Mr. Eamon Doherty	(Resigned 16 October 2019)
Mr. Andrew Fox	
Mr. Patrick Graham	(Resigned 8 September 2020)
Mr. Cecil McBurney	
Mr. Jim Meredith	
Mr. Brett Ross	
Mr. Michael Gray	
Mr. Graham Clarke	(Appointed 8 September 2020)

Results and dividends

The results for the year are set out on page 7.

During the year dividends totalling £195,000 were declared.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group's policy is to consult and discuss with employees all matters likely to affect employees' interests. Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

The auditor, Moore (N.I.) LLP, is deemed to be reappointable under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

RIVER RIDGE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

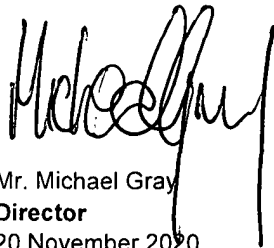
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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 group'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.

On behalf of the board



Mr. Michael Gray
Director
20 November 2020



Mr. Brett Ross
Director
20 November 2020

RIVER RIDGE HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RIVER RIDGE HOLDINGS LIMITED

Opinion

We have audited the financial statements of River Ridge Holdings Limited (the 'company') for the year ended 30 June 2020 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Parent Company Balance Sheet, the Group Statement of Changes in Equity, the Parent Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2020 and the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

RIVER RIDGE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RIVER RIDGE HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

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

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

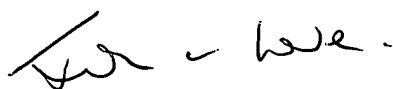
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group's and parent 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 group's and parent 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 group's and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Love (Senior Statutory Auditor)
for and on behalf of Moore (N.I.) LLP

Chartered Accountants
Statutory Auditor

20 November 2020

32 Lodge Road
Coleraine
Co Londonderry
BT52 1NB

RIVER RIDGE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	2019 £
Turnover	3	46,787,192	47,409,404
Cost of sales		(29,558,076)	(28,114,843)
Gross profit		17,229,116	19,294,561
Administrative expenses		(16,049,521)	(16,484,715)
Other operating income		210,162	143,720
Operating profit	4	1,389,757	2,953,566
Interest receivable and similar income	7	499,521	436,134
Interest payable and similar expenses	8	(1,730,251)	(1,722,281)
Profit before taxation		159,027	1,667,419
Tax on profit	9	575,909	(191,854)
Profit for the financial year		734,936	1,475,565
Profit attributable to non-controlling interest		1,432	-
Profit attributable to group		733,504	1,475,565

The parent company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

The notes on pages 13 - 31 form part of these financial statements and should be read in conjunction therewith.

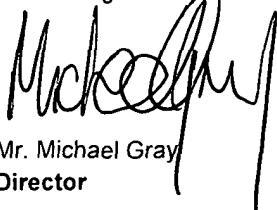
RIVER RIDGE HOLDINGS LIMITED

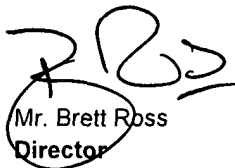
CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	11	4,860,454		5,627,763	
Tangible assets	12	24,753,714		24,539,930	
Investments	13	349,450		349,450	
		<u>29,963,618</u>		<u>30,517,143</u>	
Current assets					
Stocks	18	25,894		35,186	
Debtors	19	16,366,006		16,771,284	
Cash at bank and in hand		1,480,882		1,335,895	
		<u>17,872,782</u>		<u>18,142,365</u>	
Creditors: amounts falling due within one year	21	<u>(16,075,023)</u>		<u>(16,000,396)</u>	
Net current assets		<u>1,797,759</u>		<u>2,141,969</u>	
Total assets less current liabilities		<u>31,761,377</u>		<u>32,659,112</u>	
Creditors: amounts falling due after more than one year	23	(25,079,288)		(26,626,609)	
Provisions for liabilities	30	(1,714,792)		(1,605,142)	
Net assets		<u>4,967,297</u>		<u>4,427,361</u>	
Capital and reserves					
Called up share capital	33	10,000		10,000	
Share premium account		4,892,969		4,892,969	
Profit and loss reserves		64,328		(475,608)	
Total equity		<u>4,967,297</u>		<u>4,427,361</u>	
Non-controlling interests		(22,837)		(21,406)	
Group equity		<u>4,944,460</u>		<u>4,405,955</u>	

The financial statements were approved by the board of directors and authorised for issue on 20 November 2020 and are signed on its behalf by:


Mr. Michael Gray
Director


Mr. Brett Robb
Director

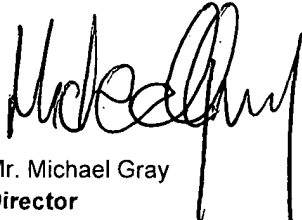
Company Registration No. NI640376


The notes on pages 13 - 31 form part of these financial statements and should be read in conjunction therewith.

RIVER RIDGE HOLDINGS LIMITED
PARENT COMPANY BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	14		7,750		7,750
Current assets					
Debtors falling due after one year	20	18,016,448		18,358,731	
Debtors falling due within one year	20	21,938,674		18,181,875	
Cash at bank and in hand		560,323		-	
		<u>40,515,445</u>		<u>36,540,606</u>	
Creditors: amounts falling due within one year	22	<u>(5,180,708)</u>		<u>(5,089,812)</u>	
Net current assets			<u>35,334,737</u>		<u>31,450,794</u>
Total assets less current liabilities			<u>35,342,487</u>		<u>31,458,544</u>
Creditors: amounts falling due after more than one year	24		<u>(30,434,636)</u>		<u>(26,553,595)</u>
Net assets			<u><u>4,907,851</u></u>		<u><u>4,904,949</u></u>
Capital and reserves					
Called up share capital	33	10,000		10,000	
Share premium account		4,892,969		4,892,969	
Profit and loss reserves		4,882		1,980	
Total equity			<u><u>4,907,851</u></u>		<u><u>4,904,949</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20 November 2020 and are signed on its behalf by:


Mr. Michael Gray
Director


Mr. Brett Ross
Director

Company Registration No. NI640376

The notes on pages 13 - 31 form part of these financial statements and should be read in conjunction therewith.

RIVER RIDGE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		Share capital	Share premium account	Profit and loss reserve	Total
	Notes	£	£	£	£
Balance at 30 June 2018		10,000	4,892,969	(1,756,173)	3,146,796
Year ended 30 June 2019:					
Profit and total comprehensive income for the period		-	-	1,475,565	1,475,565
Dividends	10	-	-	(195,000)	(195,000)
Balance at 30 June 2019		<u>10,000</u>	<u>4,892,969</u>	<u>(475,608)</u>	<u>4,427,361</u>
Year ended 30 June 2020:					
Profit and total comprehensive income for the period		-	-	734,936	734,936
Dividends	10	-	-	(195,000)	(195,000)
Balance at 30 June 2020		<u><u>10,000</u></u>	<u><u>4,892,969</u></u>	<u><u>64,328</u></u>	<u><u>4,967,297</u></u>

The notes on pages 13 - 31 form part of these financial statements and should be read in conjunction therewith.

RIVER RIDGE HOLDINGS LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		Share capital	Share premium account	Profit and loss reserve	Total
	Notes	£	£	£	£
Balance at 30 June 2018		10,000	4,892,969	2,411	4,905,380
Year ended 30 June 2019:					
Profit and total comprehensive income for the period		-	-	194,569	194,569
Dividends	10	-	-	(195,000)	(195,000)
Balance at 30 June 2019		<u>10,000</u>	<u>4,892,969</u>	<u>1,980</u>	<u>4,904,949</u>
Year ended 30 June 2020:					
Profit and total comprehensive income for the period		-	-	197,902	197,902
Dividends	10	-	-	(195,000)	(195,000)
Balance at 30 June 2020		<u>10,000</u>	<u>4,892,969</u>	<u>4,882</u>	<u>4,907,851</u>

The notes on pages 13 - 31 form part of these financial statements and should be read in conjunction therewith.

RIVER RIDGE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	36	6,640,178		6,920,754	
Interest paid		(1,730,248)		(1,722,281)	
Income taxes (paid)		(45,284)		(196,938)	
Net cash inflow / (outflow) from operating activities		4,864,646		5,001,535	
Investing activities					
Purchase of intangible fixed assets		(66,656)		-	
Purchase of tangible fixed assets		(3,552,537)		(3,371,652)	
Proceeds on disposal of tangible fixed assets		160,587		789,736	
Movements on other investments and loans		(2,052)		158,527	
Interest received		499,520		436,135	
Net cash generated / (used) in investing activities		(2,961,138)		(1,987,254)	
Financing activities					
Payment of finance lease obligations		(296,852)		(607,665)	
Issue of loans		171,816		614,379	
Repayment of bank loans		(1,069,536)		(1,975,681)	
Dividends paid		(195,000)		(195,000)	
Net cash (used in) / generated from financing activities		(1,389,572)		(2,163,967)	
Net increase / (reduction) in cash and cash equivalents		513,936		850,314	
Cash and cash equivalents at beginning of period		665,005		(185,309)	
Cash and cash equivalents at end of year		1,178,941		665,005	
Relating to:					
Cash at bank and in hand		1,480,882		1,335,895	
Bank overdrafts included in creditors payable within one year		(301,941)		(670,890)	

The notes on pages 13 - 31 form part of these financial statements and should be read in conjunction therewith.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

River Ridge Holdings Limited is a private company limited by shares incorporated in Northern Ireland. The registered office is 56 Craigmores Road, Garvagh, Coleraine, BT51 5HF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements include the company and its subsidiary undertakings Coleraine Skip Hire & Recycling Limited, River Ridge Recycling Limited, River Ridge Recycling (Portadown) Ltd, Wastebeater (Belfast) Limited, Full Circle Power Limited, River Ridge Energy Ltd, River Ridge Recycling (Belfast) Limited, Pioneer Fuels Ltd and Riverridge (Mallusk) Limited.

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences. Subsidiary undertakings whose inclusion is not material for the purpose of giving a true and fair view have been excluded.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The ongoing COVID-19 global pandemic continues to be closely monitored by the directors but they remain satisfied that adequate resources are available to allow the company to continue to trade. The directors have taken all reasonable steps to minimise any impact. The business was able to remain open during lockdown, however strict measures have been put in place.

Thus the directors are comfortable with and continue to adopt the going concern basis of accounting in preparing the financial statements. No adjustments are required.

1.4 Turnover

Turnover 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 trade discounts, settlement discounts and volume rebates.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

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.

1.6 Tangible fixed assets

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

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

Freehold land and buildings	- 2% straight line
Plant and machinery	- 10% / 20% / 33.33% straight line
Fixtures, fittings and equipment	- 20% straight line
Plant and machinery	- 20% straight line
Motor vehicles	- 20% straight line

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 credited or charged to profit or loss.

Direct cost of cell utilisation

A percentage of landfill cell direct costs is charged to the Profit and Loss Account in line with the percentage capacity of each individual cell utilised by waste deposited during the year. The balance of the unutilised cell expenditure is shown in the Current Assets of the Balance Sheet as direct costs paid in advance, and will be charged to future Profit and Loss Accounts as the holding capacity of each individual cell is utilised.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the company 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

1.9 Stocks

Stocks 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 stocks to their present location and condition.

1.10 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and 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.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

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

1.13 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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company 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 the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 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 stock or fixed assets.

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

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

1.16 Retirement benefits

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

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (Continued)

1.19 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 are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Sale of services	<u>46,787,192</u>	<u>47,409,404</u>
Other significant revenue		
Interest income	499,521	436,134
Rent receivable	31,547	2,600
Energy royalties income	<u>178,615</u>	<u>141,120</u>

Turnover analysed by geographical market

The directors have not disclosed geographical market information as they believe it would be seriously prejudicial to the interests of the company to do so.

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)	(20,799)	(51,267)
Fees payable to the company's auditor for the audit of the company's financial statements	28,000	28,000
Depreciation of owned tangible fixed assets	3,059,202	2,895,669
Depreciation of tangible fixed assets held under finance leases	204,270	204,270
Amortisation of intangible assets	<u>833,964</u>	<u>827,299</u>

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

5 Employees

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

	2020 Number	2019 Number
Administration	34	36
MRF	70	66
Transport	174	148
Landfill	3	4
	<u>281</u>	<u>254</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	7,933,574	8,175,578
Social security costs	674,937	692,720
Pension costs	191,906	171,355
	<u>8,800,417</u>	<u>9,039,653</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	685,697	739,932
Company pension contributions to defined contribution schemes	56,952	63,802
	<u>742,649</u>	<u>803,734</u>

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

	2020 £	2019 £
Remuneration for qualifying services	178,765	277,298
Company pension contributions to defined contribution schemes	-	-
	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2020 £	2019 £
Other interest income	<u>499,521</u>	<u>436,134</u>

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	493,539	558,514
Interest on finance leases and hire purchase contracts	13,438	29,187
Other interest payable	1,223,274	1,134,580
	<u>1,730,251</u>	<u>1,722,281</u>

RIVER RIDGE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	188,250	507,808
Adjustments in respect of prior periods	(808,368)	(290,470)
Total current tax	<u>(620,118)</u>	<u>217,338</u>
Deferred tax		
Origination and reversal of timing differences	44,209	1,471
Adjustment in respect of prior periods	-	(16,252)
Other deferred tax movements	-	(10,703)
	<u>44,209</u>	<u>(25,484)</u>
Total tax charge	<u>(575,909)</u>	<u>191,854</u>

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit / (loss) before taxation	<u>159,027</u>	<u>1,667,419</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%.	30,215	316,810
Tax effect of expenses that are not deductible in determining taxable	168,956	162,523
Adjustments in respect of prior years	(808,368)	(290,470)
Depreciation on assets not qualifying for tax allowances	39,597	28,149
Deferred tax adjustments in respect of prior years	-	(16,252)
Unutilised tax losses carried forward	-	1,797
Other tax adjustments	(6,309)	(10,703)
Tax expense for the year	<u>(575,909)</u>	<u>191,854</u>

10 Dividends

	2020 £	2019 £
Interim dividends	<u>195,000</u>	<u>195,000</u>

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

11 Intangible assets - group

	Goodwill £
Cost	
At 1 July 2019	7,942,993
Additions in the year	66,655
Disposals in the year	-
At 30 June 2020	<u>8,009,648</u>
Amortisation and impairment	
At 1 July 2019	2,315,230
Amortisation charged for the year	833,964
Released on disposals	-
At 30 June 2020	<u>3,149,194</u>
Carrying amount	
At 30 June 2020	<u>4,860,454</u>
At 30 June 2019	<u>5,627,763</u>

12 Tangible fixed assets - group

	Freehold land & buildings £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 July 2019	14,797,846	14,871,722	1,329,267	1,555,544	32,554,379
Additions	16,379	3,170,262	314,381	51,515	3,552,537
Disposals	(180)	(5,859)	-	(187,250)	(193,289)
At 30 June 2020	<u>14,814,045</u>	<u>18,036,125</u>	<u>1,643,648</u>	<u>1,419,809</u>	<u>35,913,627</u>
Depreciation and impairment					
At 1 July 2019	421,572	6,300,495	490,144	802,238	8,014,449
Depreciation charged in the year	112,285	2,569,119	308,107	273,962	3,263,473
Eliminated in respect of disposals	-	(5,659)	-	(112,350)	(118,009)
At 30 June 2020	<u>533,857</u>	<u>8,863,955</u>	<u>798,251</u>	<u>963,850</u>	<u>11,159,913</u>
Carrying amount					
At 30 June 2020	<u>14,280,188</u>	<u>9,172,170</u>	<u>845,397</u>	<u>455,959</u>	<u>24,753,714</u>
At 30 June 2019	<u>14,376,274</u>	<u>8,571,227</u>	<u>839,123</u>	<u>753,306</u>	<u>24,539,930</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and machinery	215,190	363,061
Motor vehicles	71,400	112,800
	<u>286,590</u>	<u>475,861</u>

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

13 Fixed asset investments - group

	Notes	2020 £	2019 £
Investments in subsidiaries & related undertakings	15	<u>349,450</u>	<u>349,450</u>

Movements in fixed asset investments

	Shares in related undertakings
Cost or valuation	
At 1 July 2019	349,450
Additions	-
Disposals	-
At 30 June 2020	<u>349,450</u>
Carrying amount	
At 30 June 2020	<u>349,450</u>
At 30 June 2019	<u>349,450</u>

14 Fixed asset investments - parent company

	Notes	2020 £	2019 £
Investments in subsidiaries	16	<u>7,750</u>	<u>7,750</u>

Movements in fixed asset investments

	Shares in group undertakings
Cost or valuation	
At 1 July 2019 and 30 June 2020	<u>7,750</u>
Carrying amount	
At 30 June 2020	<u>7,750</u>
At 30 June 2019	<u>7,750</u>

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

15 Subsidiaries - group

Details of the group's subsidiaries at 30 June 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	Direct	Indirect
Foyle Skip Hire Limited	Northern Ireland	Dormant	Ordinary	100.00	
River Ridge Recycling (North West) Ltd	Northern Ireland	Waste management	Ordinary	100.00	
Full Circle Generation Holding Company Limited	England	Holding company	Ordinary	22.00	

16 Subsidiaries - parent company

Details of the company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	Direct	Indirect
Coleraine Skip Hire & Recycling Limited	Northern Ireland	Operation of a landfill site	Ordinary	100.00	
River Ridge Recycling Limited	Northern Ireland	Holding company	Ordinary	100.00	
River Ridge Energy Ltd	Northern Ireland	Holding company	Ordinary	80.00	

17 Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>12,685,028</u>	<u>13,229,179</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>39,356,900</u>	<u>41,350,851</u>

18 Stocks

	2020	2019
	£	£
Stocks of recyclable materials	<u>25,894</u>	<u>35,186</u>

RIVER RIDGE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

19 Debtors - group

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	7,792,472	7,331,798
Amounts owed by related undertakings	3,893,425	4,205,537
Landfill cell expenditure	1,913,483	1,452,612
Other debtors	1,497,602	1,789,287
Prepayments and accrued income	1,269,024	1,992,050
	<u>16,366,006</u>	<u>16,771,284</u>

20 Debtors - parent company

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	-	33,092
Amounts owed by group and related undertakings	21,566,440	17,804,290
Other debtors	25,535	19,508
Prepayments and accrued income	346,699	324,985
	<u>21,938,674</u>	<u>18,181,875</u>

	2020	2019
	£	£
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>18,016,448</u>	<u>18,358,731</u>
Total debtors	<u>39,955,122</u>	<u>36,540,606</u>

21 Creditors: amounts falling due within one year - group

	Notes	2020	2019
		£	£
Bank loans and overdrafts	25	3,702,843	3,452,558
Obligations under finance leases		73,023	296,861
Trade creditors		4,102,796	5,938,842
Corporation tax		-	244,837
Other taxation and social security		1,797,411	1,031,317
Other creditors		1,406,227	1,864,852
Accruals and deferred income		4,992,723	3,171,129
		<u>16,075,023</u>	<u>16,000,396</u>

22 Creditors: amounts falling due within one year - parent company

	2020	2019
	£	£
Bank loans and overdrafts	3,400,902	3,452,558
Trade creditors	16,388	74,841
Other taxation and social security	72,309	42,010
Other creditors	291,699	195,000
Accruals and deferred income	1,399,410	1,325,403
	<u>5,180,708</u>	<u>5,089,812</u>

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

23 Creditors: amounts falling due after more than one year - group

	Notes	2020 £	2019 £
Loan notes	27	8,786,195	8,614,379
Bank loans and overdrafts	25	10,674,131	12,362,901
Obligations under finance leases		-	73,014
Other loans		5,618,962	5,576,315
		<u>25,079,288</u>	<u>26,626,609</u>

24 Creditors: amounts falling due after more than one year - parent company

	Notes	2020 £	2019 £
Loan notes	28	8,786,195	8,614,379
Bank loans and overdrafts	26	10,674,131	12,362,901
Amounts due to group undertakings		5,355,348	-
Other loans		5,618,962	5,576,315
		<u>30,434,636</u>	<u>26,553,595</u>

25 Loans and overdrafts - group

	2020 £	2019 £
Bank overdrafts	301,941	670,890
Bank loans	14,075,033	15,144,569
	<u>14,376,974</u>	<u>15,815,459</u>
Payable within one year	3,702,843	3,452,558
Payable after one year	10,674,131	12,362,901

The Bank of Ireland holds security for banking facilities it provides to River Ridge Holdings Limited and River Ridge Recycling (Portadown) Ltd. Security for these debts are provided by River Ridge Holdings Limited and its subsidiary companies. Specific details of the security are as follows:

- A first mortgage / charge over each of the following properties:
- 56 Craigmole Road, Garvagh, Co. Derry BT51 5HF and adjoining lands owned by the Borrower.
- Unit 5 Newbuildings Industrial Estate, Victoria Road, Newbuildings, Co. Derry BT47 2SX
- Enviropac, Electra Road, Maydown, Co. Derry BT47 6UL
- 91 Moy Road, Portadown, Co. Armagh BT62 1QW
- 94 and 110-114 Duncrue Street, Belfast BT3 9AR

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

25 Loans and overdrafts - group

(Continued)

- A first ranking group debenture in respect of - River Ridge Holdings Limited, River Ridge Recycling (Portadown) Ltd, River Ridge Recycling Limited, River Ridge Energy Ltd, Full Circle Power Limited, Pioneer Fuels Ltd, Coleraine Skip Hire & Recycling Limited, River Ridge Recycling (Belfast) Limited, Wastebeater (Belfast) Limited - charging all of their assets and undertakings;
- An inter-company cross guarantee from River Ridge Holdings Limited, River Ridge Recycling (Portadown) Ltd, River Ridge Recycling Limited, River Ridge Energy Ltd, Full Circle Power Limited, Pioneer Fuels Ltd, Coleraine Skip Hire & Recycling Limited, River Ridge Recycling (Belfast) Limited and Wastebeater (Belfast) Limited;
- A charge over (i) the shares held by River Ridge Holdings Limited in Coleraine Skip Hire & Recycling Limited, River Ridge Recycling Limited and River Ridge Energy Ltd (ii) the shares held by Coleraine Skip Hire & Recycling Limited in Full Circle Power Limited and Pioneer Fuels Ltd (iii) the shares held by River Ridge Recycling Limited in River Ridge Recycling (Portadown) Ltd and River Ridge (Belfast) Limited (iv) the shares held by Full Circle Power Limited in River Ridge Energy Ltd; and, (v) the shares held by River Ridge Recycling (Portadown) Ltd in Full Circle Power Limited, Pioneer Fuels Ltd and Wastebeater (Belfast) Limited;
- An assignment of the life policy on the life of Mr. Brett Ross with cover in the sum of £3 million;
- The Original Subordination Deed and the First Deed of Amendment;
- A deposit of all environmental licenses of the Group with the Bank together with a signed, completed and updated license transfer form and power of attorney in respect of each license;
- A first fixed charge over the trade debtors of the Group;
- A deed of confirmation in respect of all existing security.
- The Restated Subordination Deed.

The above loans are repayable quarterly, with interest charged at 2.3% plus 3 month LIBOR. The final loan repayment is 31/08/2021.

26 Loans and overdrafts - parent company

	2020	2019
	£	£
Bank overdrafts	301,941	670,890
Bank loans	14,075,033	15,144,569
	<u>14,376,974</u>	<u>15,815,459</u>
Payable within one year	3,400,902	3,452,558
Payable after one year	<u>10,674,131</u>	<u>12,362,901</u>

Details of the security and repayment terms of the above loans are recorded in Note 25.

27 Loan notes - group

	2020	2019
	£	£
Loan notes	<u>8,786,195</u>	<u>8,614,379</u>

The loan notes are repayable over the 3 year period 2021-2023. The effective rate of interest is 8%.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

28 Loan notes - parent company

	2020 £	2019 £
Loan notes	<u>8,786,195</u>	<u>8,614,379</u>

The loan notes are repayable over the 3 year period 2021-2023. The effective rate of interest is 8%.

29 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	76,385	310,289
In two to five years	-	76,388
	<u>76,385</u>	<u>386,677</u>
Less: future finance charges	(3,362)	(16,802)
	<u>73,023</u>	<u>369,875</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

30 Provisions for liabilities

	Notes	2020 £	2019 £
Aftercare costs		719,849	654,408
Deferred tax liabilities	31	994,943	950,734
		<u>1,714,792</u>	<u>1,605,142</u>

Movements on provisions apart from deferred tax liabilities:

	Aftercare costs £
At 1 July 2019	654,408
Additional provisions in the year	65,441
At 30 June 2020	<u>719,849</u>

The group has provided for the estimated aftercare costs of its landfill site at the end of its operational life. The aftercare period is expected to be 60 years and expenditure will be incurred throughout this 60 year period. This provision by its nature requires a significant degree of estimation and hence there is a degree of uncertainty with regards the timing and amount of outflows of economic benefit.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

31 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	145,646	101,437
Other (see details below)	849,297	849,297
	<u>994,943</u>	<u>950,734</u>

	2020 £
Movements in the year:	
Liability at 1 July 2019	950,734
Charge / (credit) to profit or loss	44,209
Liability at 30 June 2020	<u>994,943</u>

The group is carrying a deferred tax liability in respect of the difference between the cost of certain assets for accounts purposes and that for tax purposes.

The net deferred tax liability expected to reverse in 12 months is £145,646. This primarily relates to the reversal of tax timing differences on capital allowances.

32 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>191,906</u>	<u>171,355</u>

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

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

33 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
7,260 Ordinary shares of £1 each	7,260	7,260
2,684 "A" Ordinary shares of £1 each	2,684	2,684
56 "B" Ordinary shares of £1 each	56	56
	<u>10,000</u>	<u>10,000</u>

Ordinary shares rank pari passu in all respects and without prejudice to the generality of the foregoing; (a) each ordinary share shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the company; (b) ordinary shareholders shall be entitled to participate in lawful dividends on a pari passu basis; (c) ordinary shareholders shall be entitled to participate in lawful distributions on a pari passu basis; and, (d) the ordinary shares are not redeemable.

"A" Ordinary shares have a right to attend and speak at any general meeting and a right to vote on any written resolution on a one vote per equity share basis.

"B" Ordinary shares have a right to attend and speak at any general meetings held by the company and a right to vote on any resolutions of the company on a one vote per equity share basis.

34 Financial commitments, guarantees and contingent liabilities

At the balance sheet date the group had contingent liabilities totalling £6,481,333 in respect of various Department of Agriculture, Environment & Rural Affairs ("DAERA"), Northern Ireland Environment Agency ("NIEA"), Full Circle Generation Limited and Larne Harbour bonds.

35 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2020 £	2019 £
Aggregate compensation	<u>685,697</u>	<u>739,932</u>

Transactions with related parties

The company entered into the following transactions with related parties:

During the year loan note interest of £10,891 (2019 - £5,410) was paid to a director and shareholder of the company. Also during the year a further £687,464 (2019 - £659,014) of loan note interest was paid to another shareholder of the company.

Included within Debtors is a balance of £21,489 (2019 - £21,489) owed by a company sharing a common shareholder and director.

The company has taken advantage of the exemption contained in FRS 102 Related Party Disclosures allowing it to not disclose details of related party transactions with members of the group.

RIVER RIDGE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

36 Cash generated from operations

	2020 £	2019 £
Profit / (loss) for the year after tax	715,397	1,475,565
Adjustments for:		
Taxation (credited) / charged	(556,370)	191,854
Finance costs	1,730,250	1,722,281
Amortisation and impairment of intangible assets	833,964	827,299
Depreciation and impairment of tangible fixed assets	3,263,472	3,099,939
(Gain) on disposal of tangible fixed assets	(85,307)	(121,050)
Investment income	(499,520)	(436,135)
(Decrease) / increase in provisions	65,441	65,441
Movements in working capital:		
Decrease in stocks	9,292	4,149
Decrease / (increase) in debtors	894,659	(3,822,967)
Increase in creditors	268,900	3,914,378
	<u>6,640,178</u>	<u>6,920,754</u>

37 Analysis of changes in net funds

	1 July 2019 £	Cash flows £	30 June 2020 £
Cash at bank and in hand	1,335,895	144,987	1,480,882
Bank overdrafts	(670,890)	368,949	(301,941)
	<u>665,005</u>	<u>513,936</u>	<u>1,178,941</u>
Obligations under finance leases	(369,875)	296,852	(73,023)
	<u>295,130</u>	<u>810,788</u>	<u>1,105,918</u>